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McGeorge Bundy, William J. Crowe, Jr., and Sidney Drell

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Spring 1993 *$7.95*

IS ISLAM A THREAT?

No: *Leon T. Hadar* Yes: *Judith Miller*

RUSSIA'S TRIALS

Rough Road to Captialism — *Shafiqul Islam*
Can They Work ? — *Kyril Tidmarsh*

BORDERLESS WORLD

Rise of the Region State — *Kenichi Ohmae*
California's Foreign Policy — *James Goldsborough*

Secrets of Castro's Staying Power — *Jorge I. Domínquez*
Fate of the Kurds — *Graham E. Fuller*
France in Search of Security — *Pierre Lellouche*
Salvaging the G-7 — *G. John Ikenberry*

INTERVIEW AND COMMENTS

David Owen on the Balkans; Peter F. Drucker on Japan;
Ved Mehta on India; Jagdish Bhagwati on Trade;
James Kurth on Paul Kennedy's New Book.

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SPRING 1993

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A peace agreement, if achievable, will require enforcement and must be followed by strong efforts to replace conflict with trade as the basis of the Balkan states' relationships.

10 THE END OF JAPAN, INC.? *Peter F. Drucker*
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16 THE MOSQUE AND THE TEMPLE *Ved Mehta*
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ESSAYS

27 WHAT GREEN PERIL? *Leon T. Hadar*

With the end of the Cold War many at home and abroad are urging the United States to prepare for a new long struggle against radical Islam. But Islam is neither a threat to the United States nor a unified political phenomenon. Iran, the supposed center of Islamic fundamentalism, has pursued a foreign policy dominated by geopolitics, not religion. In the rest of the Middle East, Islam has become the language of political opposition to a thoroughly corrupt status quo. By blindly supporting autocratic Arab regimes against these popular movements, the United States will turn the threat of Islamic fundamentalism into a self-fulfilling prophecy.

43 THE CHALLENGE OF RADICAL ISLAM *Judith Miller*

Any individual or government concerned with pluralism, democracy and human rights must not be complacent about the rise of militant Islamic groups. Islam is incompatible with these values—as shown by the continued oppression of women and minorities in Muslim societies. Support for democratic elections in the Middle East is thus contradictory, because radical Islamic fundamentalists, who are most likely to come to power, have no commitment to democracy. Trying to distinguish between good and bad Islamic groups may be convenient for U.S. policymakers, but it is impossible to determine which ones will keep their promises of democracy and human rights. In practice, few do.

57 MOSCOW'S ROUGH ROAD TO CAPITALISM *Shafiqul Islam*

Radical socialists wanting to remake the Russian economy were once called maximalists; now the maximalists are fervent free marketeers. Yet separating radicals from gradualists only clouds the peril, progress and prospects of the Russian economy. Virtually all economists now accept four pillars of policy for Russia: controlled inflation, price liberalization, steady privatization and reformed legal and political institutions. A development bank for Russia is still needed to help manage the economic metamorphosis. President Clinton should be leading now, through the Group of Seven industrialized nations, to collar more money and free-market expertise for Russian reform.

67 RUSSIA'S WORK ETHIC *Kyril Tidmarsh*

Seventy years of Russian communism have left a demoralized work force. Generations of communist labor policies have instilled the nation with a "Gulag complex" and a stable of untranslatable terms for shirking work. Private initiative was sometimes dangerous and always unrewarded. Wage inversion led to the highest pay for the lowliest labor. And job dissatisfaction created moonlighting and enormous labor fluidity as Russians moved aimlessly from job to job. After all this, have the Russians forgotten how to work? The answer will prove crucial to Russia's pursuit of democratic capitalism.

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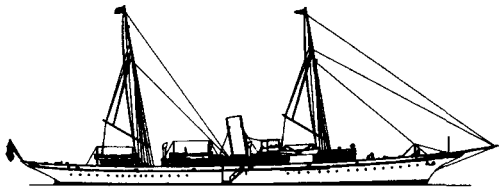

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78 THE RISE OF THE REGION STATE *Kenichi Ohmae*
The nation state has become a dysfunctional unit for understanding and managing the flows of economic activity that dominate today's borderless world. Policymakers, politicians and corporate managers would benefit from looking at "region states"—the globe's natural economic zones—whether they happen to fall within or across traditional political boundaries. With their efficient scales of consumption, infrastructure and professional services, region states make ideal entryways into the global economy. If allowed to pursue their own economic interests without jealous government interference, the prosperity of these areas will eventually spill over.

88 CALIFORNIA'S FOREIGN POLICY *James O. Goldsborough*
California is the most populous state in the United States. Its gross economic product is seventh in the world, well ahead of China or Canada. Given its massive size and the fact that the export-driven sector is the only part of its economy that shows any potential for long-term growth, California is increasingly adopting its own foreign policy. In turn international economic trends are having strong regional effects from San Diego to San Francisco. At the center of this new interdependence lies the North American Free Trade Agreement and the pivotal bilateral tie between Mexico and California.

97 SECRETS OF CASTRO'S STAYING POWER *Jorge I. Domínguez*
Since 1989 communist regimes worldwide have toppled like dominoes. Yet Fidel Castro's homegrown revolution clings tenaciously. How has Cuban communism managed to survive despite the withdrawal of the Soviet subsidy? Economic hardship has hit Cuba's already weak opposition particularly hard. Stubborn U.S. policies blocking tourism and commercial communications only censor outside information to the island. And the new Cuban Democracy Act tightening the U.S. economic embargo gives credence to the regime's call for sacrifices in the face of a foreign threat. With enemies like these, Castro may not need friends.

108 THE FATE OF THE KURDS *Graham E. Fuller*
As the fourth-largest national group in the Middle East, the Kurds have become a major factor in the region's future stability. Large Kurdish populations in Iran, Iraq and Turkey are seeking more cultural and political autonomy. In doing so, they are intensifying a number of destabilizing pressures—breakaway ethnic movements, human rights, treatment of minorities, democracy and possibly separatism. Though they have a strong self-identity, the Kurds are not yet ethnically unified, separated as they are by language, customs, neo-feudal obligations and physical distance. However, these barriers are breaking down. The three states with large Kurdish populations are at a crossroads: they must embrace federalism, allowing more autonomy for the Kurds, or prepare for prolonged violence and turmoil.

122 FRANCE IN SEARCH OF SECURITY *Pierre Lellouche*
Both the United States and France benefited from the geopolitical freeze during the Cold War. Now that the bipolar stalemate is over, Germany is preoccupied with reunification, England is economically hobbled and blanches at the European Community, and migration of the rising populations of North Africa and the Middle East may soon threaten more disruption than post-Soviet states. France alone among its neighbors has the desire, ambition and means to lead the reordering of Europe's security. Yet its efforts must fuse with U.S. policy, not snuff it out.

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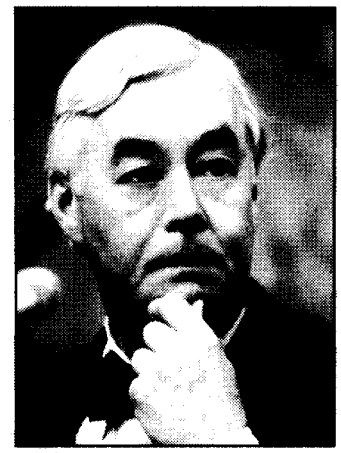

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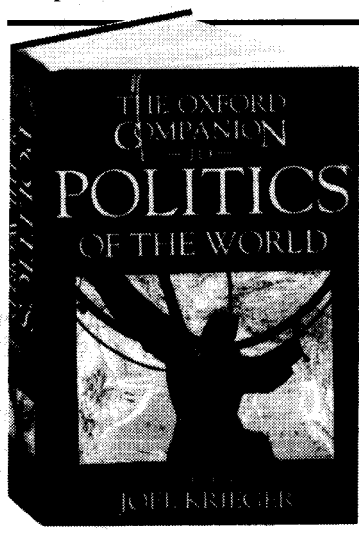

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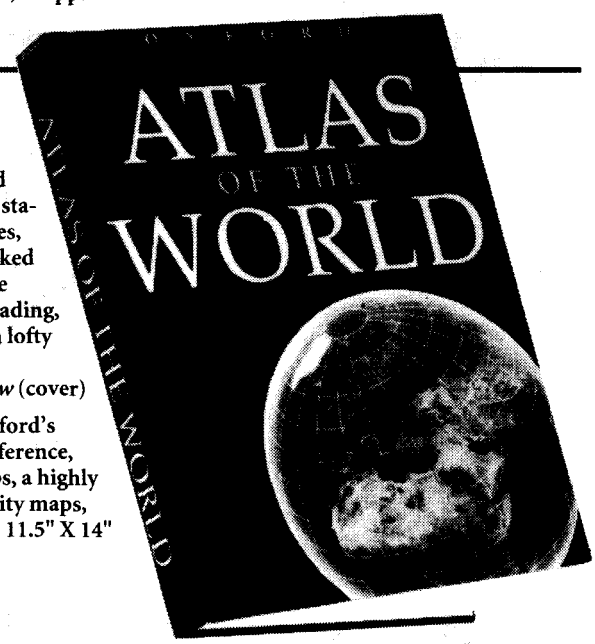

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132 SALVAGING THE G-7 *G. John Ikenberry*
The Group of Seven leading industrialized nations is a circus of fop and flop. Its governments have been unable to pursue disciplined or consistent fiscal and monetary policies. Now, when market interdependence is replacing realpolitik, the G-7 should be reformed. It should add on a council of ministers like the European Community's, a brainy, vocal secretariat and a wide-ranging agenda. This broader and deeper structure could help turn the G-7 into a liberal concert of powers.

140 REDUCING NUCLEAR DANGER
McGeorge Bundy, William J. Crowe, Jr., and *Sidney Drell*
The time is ripe for a global program to reduce existing nuclear arsenals and prevent their further proliferation. The immediate tasks are to execute agreed-upon bilateral reductions in U.S. and Russian forces, assure that Russia remains the only nuclear weapon state of the old Soviet Union, and strengthen the international effort against the spread of nuclear weapons by tougher monitoring. Further steps to take under U.S. leadership include: adopting a "no first use" doctrine except as a last defensive resort to deter a nuclear attack; ending new weapons tests and phasing out safety tests by 1996; replacing the goal of strategic defense against missiles with a limited defense objective, and seeking Russian agreement on a warhead ceiling lower than the accepted range of 3,000-3,500. Effective future action will require a stronger policy of public explanation from American political leaders than ever before.

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Book Review Essay *James Kurth*
Paul Kennedy has followed his *Rise and Fall of the Great Powers* with an even gloomier prophecy. The major global trends underway—demographic and technological—portend trouble for both nations and individuals. If Kennedy is right, the future looks bad. If he is wrong, it may look worse.

163 RECENT BOOKS ON INTERNATIONAL RELATIONS

190 CORRESPONDENCE: *Marvin Zonis; Frank Gibney; John Barry Kotch; Charles W. Bray; Takahiro Shinyo.*

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PREFACE

Who is to Rule Russia?

AT THIS WRITING the question of who will rule Russia remains in doubt. President Boris Yeltsin's resort to emergency rule by decree without closing down his opponents' parliamentary power base has subjected the country to a harrowing, perhaps unavoidable, competition for political legitimacy. As Yeltsin moves toward shoring up his political base through a plebiscite, parliamentary forces angle to oust him from office through impeachment.

Yeltsin has set himself an awesome task in organizing a credible plebiscite in one month's time. The mechanics of conducting an informal poll of the country must be financed and put in place. And still to be created is the substance of proposals for a new constitution, an altered parliamentary structure and presumably an extension of special presidential powers until new elections can be held. Meanwhile, Yeltsin intends to resolve by decree the complicated and controversial issues of private ownership of land.

Western aid and moral support can only help at the margins. The hour is late and whatever sums are proffered will be small compared to the size of the problem. Such are the dimensions of the triple crisis confronting Russia. Simultaneously, the Yeltsin government is trying to move from centralized to market economics, from authoritarianism to democracy and from an empire to a nation state in the face of mounting opposition.

For the West the stakes are high. Russia remains the other great nuclear power with all the latent danger that implies—to the United States and the world. Its huge if mangled economy affects everyone else's. Its history and size ensure its influence on a host of states stretching from Europe into Asia.

The need for aid is becoming more urgent. Output is plunging, inflation rising and currency value shrinking. Russia cannot pay the $84 billion debt owed Western nations without rescheduling. Nor can it shut off easy credit and uneconomic subsidies that keep afloat uncompetitive businesses without funds to partially protect pensioners and the unemployed. Furthermore, as privatization is pressed ever forward, Russia

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needs immense help in learning the disciplines and management requirements of a market system.

The incapacitating political battle has spawned two dire consequences: Western governments and, even more, private businesses have been inhibited from investing. And within Russia, local governments and regions are going their own way in crafting laws, exacting taxes, forming militias and contemplating secession. Fragmentation of the Russian Federation, even with pledges of Russian military leaders to prevent it, could divide the military and lead to civil war.

Despite alarm at the declining state of affairs in Russia, Western assistance and private investment must be targeted to avoid the "money down a rat hole" syndrome. Selected industrial sectors, most notably energy, offer the combined virtue of being the most useful to Russia and the most beneficial initially to Western business. Funds for a safety net, currency stabilization and specific projects, such as housing for Russian soldiers, are best bets for government aid. Much of any assistance may get the best bang for the buck, not at the center, but in the provinces. In a turnabout from Soviet experience, privatization and government innovation are pushing up from the bottom rather than being pushed down from the top.

Besides stepping up its own efforts, the United States rightly is increasing pressure on other industrial nations to contribute more handsomely. Few countries, for example, have more at stake in a democratic, economically healthy Russia than Japan. Nervous about China's growing power and potential hegemonic designs, Japan needs a Russian counterbalance. It could also benefit from the investment potential of eastern Russia. Yet to date Japan has loaned only $2.6 billion and granted only $106 million to Russia. Ostensibly, the stumbling block is the disputed sovereignty of the Kuril Islands—hardly proportionate to the stakes in Russia's condition as a whole.

Still and all, it is at the margins that even an energized American administration can make a difference. Russia is too big, too complicated, too burdened for it to be otherwise. Whatever heavy lifting is accomplished will have to be done by the Russians themselves. First, they must choose the political path to go down before even well-timed assistance can provide the oxygen for the push over the hill.

President Clinton believes that assisting Russia's transition to democracy and market economics is his number one foreign

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policy objective, followed closely by an interest in curbing arms proliferation and strengthening the United Nations. Achieving the latter two objectives requires success in the first effort. Thus it is good that Clinton has begun to act as if Russia were a priority and none too soon. Whether Yeltsin can survive is increasingly debatable. It would be better if he did. Were he not to, it becomes even more important that the United States is in place vigorously supporting the democratic and market processes Americans hold dear—even if only at the margins.

Changes at Foreign Affairs

WITH THIS ISSUE, executive editor Peter Grose completes nine years of helping to guide this magazine. As he immerses himself in the writing of two books, Peter takes with him the admiration and affection of colleagues who have benefited immensely from his knowledge, talent and good company. Also departing is Lucy Edwards Despard, who for 17 years has expertly managed *Foreign Affairs'* extensive book reviewing.

New to the masthead as managing editor is Fareed Zakaria. He comes to *Foreign Affairs* from Harvard University, where he was a fellow at the Olin Institute for Strategic Studies and coordinator of that institute's research project, "The Changing Security Environment and American National Interests."

Concurrently, Patricia Lee Dorff and Kirk Kraeutler have been promoted from assistant editors to associate editors. Joining them as an associate editor is Joseph O'Keefe, who spent the preceding year as an assistant to *New York Times* columnist Leslie H. Gelb.

Lastly, this issue includes a new regular section, "Comments," which will complement the main essays with shorter opinion pieces, reflections, relevant slices of history, specific proposals and interviews. *Foreign Affairs* could not ask for a better start for the new section than the one given by Messrs. Owen, Drucker, Mehta and Bhagwati.

JAMES F. HOGE, JR.
Editor

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"Stunning....

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The hidden history of the Cold War endgame is revealed—for the first time—by Michael Beschloss, the award-winning historian and CNN commentator, and Strobe Talbott, the veteran *Time* foreign-affairs columnist and recently appointed ambassador-at-large and special adviser to the Secretary of State for policy on Russia and the former Soviet republics.

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THE FUTURE OF THE BALKANS
An Interview with David Owen

THE BALKAN WAR has been underway for almost two years. It began on a large scale in the summer of 1991 as a war between Serbs in Croatia, assisted by the Yugoslavian government in Belgrade, and the government of Croatia, which seceded from the Yugoslav federation in June 1991. The conflict spread to Bosnia-Herzegovina last year, after that republic seceded in March 1992.

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From the earliest months of the conflict, the European Community, and subsequently the United Nations, have pursued a peace process. In January the co-chairmen of the Conference on the Former Yugoslavia, Cyrus Vance and David Owen, put forward a peace plan. It maintains Bosnia-Herzegovina as independent within its current borders but weakens its central government. Bosnia would be divided into ten provinces, three majority Serb, three majority Croat, three majority Muslim and one mixed, with high levels of autonomy and power vested in the provincial governments. After some hesitation, the Clinton administration declared in February that, if all three parties agree to this plan, the United States might take part in its enforcement. The peace talks are currently in progress. *Foreign Affairs* interviewed David Owen, who from 1975 to 1979 was foreign secretary of Great Britain, on February 16, 1993, in New York. The following is an edited version of the discussion.

Q: Why is this peace process the right one now?

A: It was clear to me by the end of August 1992 that there was no will in any of the major Western nations to take up arms against Serbian expansionism. So it had to be dealt with primarily by negotiation. You can argue that force ought to have been used earlier when Serbia began to fight to protect, as they saw it, their Serb nationals in different parts of Yugoslavia. In July 1992 I had argued publicly that selective air strikes should be used to tip the balance against the Bosnian Serbs, almost exactly at the same time as candidate Clinton was arguing the same case during the election campaign. But even then I never believed that the West should commit ground combat forces in Bosnia.

Q: Do you think that the European Community recognitions of Slovenia and Croatia and then Bosnia internationalized the problem in the former Yugoslavia, making it more difficult to solve?

A: I believe the original concept of the European Community's London conference on Yugoslavia was right—to seek a general political solution to the whole of the former Yugoslavia and to not allow unilateral secessions. The conference's chairman, Lord Carrington, advised against piecemeal recognitions. He was against the recognition of Croatia and then of Bosnia-Herzegovina, as were then Secretary of State James Baker and U.N. mediator Cyrus Vance. The European Community effectively ignored their advice and recognized those republics against the judgment of France and Britain in the mistaken belief that the hallmark of a future Maastricht-type European foreign policy was simultaneous recognition. In fact recognition is a very delicate question where diversity in timing is not only natural but even at times desirable.

Q: How do you answer critics who say the peace plan is appeasement?

A: The words "Munich" and "appeasement" are flying around. I certainly think it would have been more appropriate to have used that

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analogy in 1990 than in 1993, when the war has been raging for almost two years. Munich was signed before World War II had begun; it was appeasement because it tried to pretend that war was not inevitable. We are trying now in 1993 to bring about an end to a bitter war well underway in Bosnia and simmering on in Croatia. We are trying to stitch together in Bosnia a country that is now divided into two and is very likely to split into three. Partition is the danger, and Lebanon the historical parallel for Bosnia, not Munich.

Q: Does the plan reward Serbian aggression?

A: The rural Bosnian Serbs sat on over 60 percent of the country before the war, and we are offering them three provinces covering 43 percent. I'm also careful not to use the simplistic classification "aggression" because this is both a civil war and a war of aggression. The Bosnian Serbs are fighting for territory in which they have lived for centuries. They have of course been aided and abetted by Serbs outside Bosnia-Herzegovina. And they have been substantially equipped militarily by Serbs outside Bosnia-Herzegovina. It is a very complex war in its origins.

Q: What did you think of the Clinton administration's early statements on Bosnia?

A: They were not based on the facts as they had evolved over the winter months. In retrospect, in the two and a half month presidential transition we should have made sure Governor Clinton's team understood why the European Community and the Russian Federation disagreed with their statements over Bosnia-Herzegovina. This entire episode reinforces the need for constant briefings and consultations, not just with the president but also the president-elect.

The Clinton administration is perfectly entitled to have its own policy on the Balkans. But the United States, particularly now that it is the sole superpower, also needs continuity in its foreign policy. International policies cannot be completely reversed as a result of a presidential election without a lot of trauma. There has been a strong bipartisanship across the Atlantic on foreign policy over the years, and it is very necessary for this to continue. I was shattered to arrive in the United States at the end of January to discover that informed opinion, even among many good friends, believed that Vance and I were somehow rewarding ethnic cleansing and aggression.

The problem appears to have been in part that *The New York Times* editorially took a very emotive position on the issue right from the start and its assumptions spread through to other newspapers. It was outrageous that these false allegations should have been made on the basis of so little factual knowledge and repeated, not particularly against me or Vance, but against the 12 Community nations that had seriously looked at this problem and formed a broad consensus across their own political parties on this question. We were heading for a fairly big crunch in early February until the Clinton administration listened and shifted course

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when the facts became clearer.

Q: Does the United States have any interests in the former Yugoslavia now that the Cold War is over?

A: Yes, but U.S. interests are multifaceted. You cannot be involved in Europe, as you are through the North Atlantic Treaty and other institutions, and simply walk away from the Balkans. Conflict here still has the potential to involve two countries that matter a great deal to America: Greece and Turkey. Turkey is a country which has become vital to you as a NATO ally on the threshold of Asia; witness its crucial role in the Gulf War. Were the Bosnian violence to spill over into Serbia's province of Kosovo, Turkey would become almost directly involved. Greece is a country which, because of immigration patterns, has a very deep link into U.S. culture. It is a part of Europe where the United States has long felt it had a stake, and in whose security you have been intimately involved since 1947. Let us not forget that Greece fought a bitter civil war for three years after the end of World War II.

Also, ethnic cleansing has created one of the biggest moral problems for the world since the Holocaust. Our collective shame about our handling of the Jews' plight means that you, as the world's leader, and your values-based foreign policy, are now engaged in safeguarding Muslims—rightly and inevitable so.

One of the fundamental weaknesses of America's criticism of Europe at the start of this year, however, was that you were employing your high moral standard on the basis of absolutely zero involvement. When you had the opportunity, at the start, in 1991 to go in, guns blazing, and to take a dominant military role, you declined to do so, saying it was Europe's problem. The European Community has already shouldered the biggest burden. It has done so in terms of refugees, humanitarian aid and military forces committed to the United Nations, with lives lost. I'm speaking in advance of knowing how we will sort out any NATO involvement, but while I believe American ground troops should be involved in implementing a peace settlement, the bulk of any force must be European, West, East, North and South.

Q: How does the peace plan affect the Serbian province of Kosovo, with its Albanian majority?

A: With the Serbians arguing for autonomy within Bosnia-Herzegovina and within Croatia, it becomes that much harder for Belgrade to argue against the Albanians who live in Kosovo from having a somewhat similar degree of autonomy. I don't say that means they will not resist autonomy. It just becomes that much harder to do so. President Bush's letter to Slobodan Milosevic, warning him not to make a military move on Kosovo, reaffirmed by the new Clinton administration, is a very important deterrent and a useful element of continuity across U.S. administrations.

We are trying to build a philosophy in our conference that national minorities in the former Yugoslavia are entitled to a very substantial

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measure of autonomy. But it has to be clearly understood that Kosovo is part of Serbia, and must be dealt with as part of Serbia. The challenge is to design a genuine autonomy that does not feed secession but staves it off. We must restore soon a proper educational system which the Kosovo Albanians can trust, one not dominated by the Serbians. That is the first area where I think we have to see concrete progress.

The problem in Kosovo is that the situation can suddenly be inflamed without any conscious decision by Belgrade. There is so much dry tinder lying around to fuel secessionist temperament.

What is at issue for many ethnic Albanians in Kosovo is secession, not autonomy. And this is a very delicate issue. In my own country politicians within the same party can differ as to whether to deal with Scottish nationalism by devolution, or by resisting all forms of devolution. Some say local autonomy helps diffuse secessionist pressures. Others claim it feeds the fires of separatism.

Q: What do you envisage happening if the diplomatic settlement breaks down?

A: We have had to face the situation that if there is no international will to take up arms, it reduces our diplomatic room for maneuver. We must all live with the consequences of taking the diplomatic peace path, but we have not been without international pressure. We have not been negotiating without any arm-twisting capacity. Economic sanctions have been in effect all through and, in the early months of September and October, the sanctions were biting very hard in Belgrade and people queued right around the block to fill up with petrol. Sadly, the sanctions were evaded.

Moreover, there have been two threshold decisions. The first was President Bush's decision in October to be ready to enforce a no-fly ban. And the second was President Clinton's February 1993 decision, with some qualifications, that if a peace settlement could be negotiated that was acceptable to all parties, the United States would be ready to be part of an implementation arrangement to be underwritten primarily by NATO, on behalf of the United Nations, but along with other countries including the Russian Federation.

What we all need now is a comprehensive settlement—a peace package that can be agreed to by the Security Council even if we only get two of the three parties to sign up. We can increase sanctions and perhaps then tilt the balance of force by the use of air power to pressure the other party, in this case the Bosnian Serbs, to sign up. It is best done by splitting the Serbs—with Belgrade pressuring the Bosnian Serbs.

I don't hold the view of the Pentagon and the British Ministry of Defense that we cannot use air power without also putting in large national ground forces. In Bosnia, you have got ground forces. There are three of them fighting it out. It would have been very dangerous to tilt the balance of force on the ground in favor of any party without first having some of the parties signed up for a peace settlement.

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That would be using military force in a vacuum and giving license to one side to do what they will. Tipping the balance to force a recalcitrant party to accept a just and equitable peace package is, in my view, wholly legitimate diplomacy.

Q: Assuming a peace accord, how much stress would be on the Russians to have NATO as the enforcement arm, perhaps taking military action against the Serbians, who are viewed by some Russian nationalists as allies?

A: We know that President Boris Yeltsin has been under a great deal of pressure from nationalist elements within the Russian parliament over his Yugoslav diplomacy. Nevertheless, he has stuck to his principles and played an active, constructive part in the diplomacy of the Security Council and our conference. The Russians have seen the dangers of nationalism spreading across disputed boundaries. There are many similarities in the former Soviet Union to what has happened in the former Yugoslavia.

Now that the Americans have asserted their right as a conference participant to play an active role, we have a balance in the relationship with, on the one side, the Russians, who are traditionally arms suppliers to and allies of the Serbs, and the United States, now casting itself as the friend of the Bosnian Muslims.

Once having established that pattern, it would seem to be very unlikely that you could have a peacekeeping force in which both of those countries did not play an active role.

Q: Are you satisfied that Europe now has the mechanisms for dealing with such phenomena as Serbian aggression, which could well crop up again in a couple of years?

A: No, but I think we've learned certain lessons. There was a strange initial reluctance within the Community to involve the United Nations. There was a feeling that Europe could do it all on its own. We put people into white uniforms and called them the EC monitors, and some even thought that Europe could replace the United Nations in the peacekeeping role. But the United Nations has over the years painfully developed a sophisticated concept of neutral peacekeeping. There are lots of difficult disciplines involved. That is why it was right last September to combine the EC's process in a joint EC-U.N. conference. At first Europe wanted to stand on its own feet—Yugoslavia was the virility symbol of the Euro-federalists. This was going to be the time when Europe emerged with a single foreign policy and therefore it unwisely shut out an America only too happy to be shut out. I'm not a Euro-federalist, though I'm a strong believer in the European Community.

Q: Given the hatred and the bloodshed of the past two years and the historic ethnic enmities, is it realistic to hope these groups will lie down together and live in peace?

A: I think it's realistic because these people are of the same ethnic stock. I believe some political lead-

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ers in the Balkans are not authentically speaking for all their people. There are still very strong elements of moderation within Bosnia-Herzegovina. Many people there still see themselves as European and even now don't think of themselves as Muslim, Croat or Serb; some deliberately and proudly call themselves just Bosnians. That sentiment is reflected in the degree of intermarriage. It's reflected in the fact that, even now, you can go to Sarajevo under bombardment and see Muslims, Serbs and Croats living together in the same streets and apartments. Throughout Yugoslavia people are still all mixed in together and, in many cases, living peaceably.

Remember that there was a terrible massacre of the Serbians by the Germans, and by some Croatians and Muslims, in the 1940s, and yet they did all eventually come back and live together. Now the Serbian political leaders are reminding every Serb of all those past misdeeds to justify new ones. But there's the younger generation that wants to think differently and wants peace. Perhaps I am too optimistic about this, but I do believe that, given time, we can actually get these three nations or constituent peoples working together again. It will be easier to do so under the provincial structure which we have designed where the elements of nationhood that really matter are protected—their culture, education and religion; at least they all speak basically the same language. This is the rationale of ensuring that most of the provinces will have a clear majority for one of the national peoples.

Q: Even with constitutional human rights provisions in the peace documents, doesn't a cultural shift away from conquest toward trading states have to occur?

A: I agree with that. One of the most important things we have on our agenda is to have a conference of the former Yugoslav states—an economic conference, with the International Monetary Fund and the World Bank. The new countries in the former Yugoslavia are going to have to get advice on how to develop their industry and stabilize their currencies.

Their communications are interrelated, their economies are interrelated. The countries are going to have to think economically together. Trade will bring them together along railway lines and roads that bear no relation to their new national boundaries. It is perfectly possible that we may have some common market coming out of this whole arrangement.

As I see it, the future of Bosnia will be settled by whether or not Serbs and Muslims start to trade with each other freely during the period of demilitarization under U.N. auspices.

Another area where the European institutions have a new role to play is in human rights. I went to Strasbourg and argued for a new status for countries that are waiting to be admitted into the Council of Europe. They would become part of a new category, which would allow them to be associated with the European Court of Human Rights. I hope Bosnia becomes the first.

The European Community is

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very powerful, trading-wise. Now we have not always used that economic power in a broad manner. In fact we've acted rather selfishly. And that's certainly been the case in dealing with Poland and some of the newer democratic countries. We have got to learn that we cannot adopt such selfish trading policies in the wider European community.

The important and interesting thing about Yugoslavia is that millions of Europeans identify with Yugoslavia as tourists. This is not "a faraway country of which we know nothing."

Europe has got to think in terms of buttressing these new former communist countries. They are very fragile states. They need training, economic links and human rights underpinnings from the European Community and the Council of Europe. If we can achieve this in the former Yugoslavia, it could also be very helpful in other new countries from the former Soviet Union and Soviet empire.

Q: Do you think there's any kind of key criterion we should use to determine which groups in Europe and the former Soviet Union should get self-determination and which will just have to live as minorities within larger groups?

A: Self-determination is a qualified right. It is a qualified right in the U.N. Charter, and it has been a qualified right through most of international diplomacy. We have to remember there are other international criteria as well—sovereignty, territorial integrity and human rights, to name only three. I do not think the only thing that should qualify is your capacity to fight for self-determination. One has to take account of history and circumstance. It is a subjective judgment. I do not think there is a general principle or doctrine which one can apply as to when self-determination becomes the overriding principle. General principles sound wonderful but solutions lie in the details.

Q: Is your "freelance" diplomacy, more than that of diplomats representing individual governments, the wave of the future?

A: Yes, I think so, though Cyrus Vance does represent the United Nations as I do the European Community. We have to be careful to deliver our respective organizations. Vance has been able to bring the U.N. along in part because of his deep involvement in ex-Yugoslavia since October 1992, and a longstanding friendship with the secretary general. And I've been able to deliver the European Community because of constant communication. In retrospect, though, we should have communicated more with the United States.

The European Community, which is not known for its unanimity under pressure, has remained very robust, even when it came to the question of confronting the Clinton administration. It took a very firm view in the full knowledge that we were coming to the United Nations against the background of an American administration that appeared very unresponsive and even hostile to our package.

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I am not as freelance as you might think. I communicate frequently with the president of the EC, and I can communicate frequently with the 12 capitals almost instantaneously through telegrams. The EC can sack me, but it is difficult. And, frankly, our freedom has been one of the more attractive parts of the job—but it is only a certain degree of freedom. I cannot abuse it. At the end of the day, the EC can easily just cut off my legs. And I have to judge how far I can go all the time. But I am not a diplomat, in case you haven't noticed!

Q: What do you think of Serbian President Slobodan Milosevic?

A: Everybody will have their different views about Milosevic, and a lot of it depends on whether you have been scarred in past encounters. I have been fortunate in that my own working relationship with him has been only over the last six months and it has been, at least so far, over Bosnia and Croatia. When we visited Belgrade, Vance and I always sought him out, even when he was electorally unpopular, because we could see he was potentially a very powerful figure. We naturally treat him warily, but also as if he is somebody who is ready to play a constructive role. I think that Milosevic is the most important figure in the whole region. The question is, will he stand up to the likes of Seselj and Arkan or go with them further down the path of repression? I sense a realistic politician who will distance himself from them. It seemed to me unrealistic to expect him to have helped the peace process in December, which would only have benefited the then Milan Panic government in Yugoslavia. We sensed we had to wait until the elections had been held before we could get a constructive response on Bosnia from Milosevic. He has been more helpful since then in the Geneva process. Now we must persuade him to play a role in forcing the Bosnian Serbs to accept the peace plan. The choice is Milosevic's; on what he decides hangs the fate of the Balkans.

I don't see a future for the Serbian nation, as represented within the Federal Republic of Yugoslavia, cut off, isolated in Europe, with their economy limping along. There is a better scenario for the Serbian people in Europe whether they be in Croatia, Bosnia-Herzegovina, Serbia or in the new country of Macedonia. ✍

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THE END OF JAPAN, INC.?
An Economic Monolith Fractures

Peter F. Drucker

JAPAN, INC. is in disarray. Individual Japanese companies compete just as aggressively as before on the world market. But no distinctive Japanese policy exists any more, least of all in economics. Instead short-term fixes and panicky reactions to the unexpected are the norm. As in the West, these are no substitutes for policy, and they are having little, if any, success. Part of the problem is that none of Japan's available choices looks attractive: none would produce consensus. They would instead divide the nation's major groups—bureaucrats, politicians, business leaders, academia and labor. Japanese newspapers are full of plaints about "weak leadership." But that is only a symptom. The root problem is that the four pillars on which Japanese policy has been based for over thirty years have collapsed or are tottering.

The first pillar of Japanese policy was the belief that Japan was sufficiently important as a bulwark against Soviet communism that the United States would subordinate economic interests to the maintenance of Tokyo's political stability and to the U.S.-Japanese strategic alliance. During the 1970s and 1980s U.S. Ambassador Mike Mansfield repeatedly asserted the priority of the U.S.-Japanese political relationship over all other considerations. The same priorities clearly existed in the Bush administration. The Japanese assumed, correctly, that no matter how loud the American bark, the bite would be only a nip and draw no blood.

Japan must now question this assumption. Will the Clinton administration subordinate U.S. economic interests, real or perceived, to alliance politics? To be sure, America declares itself committed to the defense of Japan, were the country attacked by armed force. However, the Japanese are beginning to realize that the United States will increasingly exact a substantial economic price for this political support—and just at a time when China, Japan's big neighbor, has become the world's one major power that is increasing its military strength. The Europeans, who never subscribed to the Mansfield the-

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sis, are less encumbered. In the next few years, Europe will be deciding not only how many Japanese-made goods to let in, but also whether goods made within Europe by Japanese companies can be sold freely and in large quantities on European markets.

The second pillar of Japan's economic policy was the belief that its businesses could dominate world markets by projecting Western trends and then doing better and faster what the West is doing slowly and halfheartedly. Such a strategy, first used in the early 1960s by Sony for transistor radios, followed a few years later by camera- and copier-makers, has hit one bull's-eye after the other. It can still be a winning strategy, as witnessed by the way the Japanese outflanked European luxury cars on the American market in the last few years, or speedily took over the fax machine business from the Americans who invented it.

But these successes are no longer a sure thing. The strategy has failed in computers. Projecting where IBM was going and then attempting to outmaneuver it made the Japanese miss the growth industries of work stations and networking. In computer chips, the Japanese fumbled the shift to high-value, dedicated circuits and instead concentrated on low-value commodity products in which they are now being hard pressed by producers from low-wage countries. In telecommunications, the Japanese missed the swing to over-the-air telephone transmission (cellular phones) where world market growth is likely to occur. In consumer electronics and high-definition television, where the final returns are not yet in, the Japanese are again on the defensive instead of delivering knockout blows.

Even though quantitatively Japan's export surplus with the United States rose again in 1992, qualitatively it is deteriorating. Almost three-quarters of it is now being earned by the products of one old industry with saturated markets in every developed country: automobiles. Even there the Japanese are no longer taking business away from U.S. producers but rather from European imports. To be sure, General Motors is still losing market share, but now to Ford and Chrysler.

Japan's third traditional pillar of strength was the assumption that the country's domestic economy was largely immune to outside troubles. Underpinning this belief was the preponderance of imported foodstuffs and raw materials rather than manufactured products. In a recession raw materials prices slide faster and farther than manufactured goods prices—that is, the prices of Japan's exports. Hence both Japan's terms of trade (its relative economic strength) and balance of trade (its absolute economic strength) tend to improve when the world economy goes down.

This equation still works. It largely explains the persistent Japanese trade surplus of the last few years. The depression in the

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world prices of foodstuffs and raw materials—now in its second decade—constitutes a massive subsidy to the Japanese economy. It gets its raw materials and its foodstuffs for about half of 1979 prices, in relation to the prices of manufactured goods. Yet at home Japan has now been mired in recession for more than two years. Employment, output, profits and investments are still declining, and all four, it seems, are determined by trends in the world economy from which they should be immune.

The fourth pillar was the commitment to long-term policy, with the flexibility to make exceptions, to cater to special interests and to seize opportunities. It was periodically reviewed and, if necessary, updated or revised. But the strategy shunned short-term, quick fixes whose ineffectualness would jeopardize national consensus.

Commitment to long-term policy was maintained for 25 years, from the 1960s until 1985, when floating the overvalued U.S. dollar led to a 50 percent drop against the yen in just a few months. The Japanese panicked at the threat to their exports, two-fifths of which went to the United States. To shore up lifetime employment and social stability by replacing the lost sales and profits of exports, the government rushed into a frenzied campaign to stimulate domestic consumption.

Whether Japan's manufacturers really needed such a heavy shot of economic adrenalin is debatable. Most adjusted quickly to the lower value of the dollar and to lower export earnings. Needed or not, stimulating domestic consumption could not have come at a worse time for the Japanese economy. It occurred just when purchasing power and lifestyles were shifting rapidly from a consumption-shy older generation, still scarred by wartime and postwar deprivations, to the "yuppies" of the "baby boom." The government policy thus kicked off the biggest spending spree in economic history. It also ignited a speculative firestorm in real estate and stock prices. Three years ago, at the height of what the Japanese now call the "bubble economy," shares on the Tokyo Stock Exchange were quoted at 50 or 60 times pre-tax earnings (that is, at an after-tax yield of less than one percent). Real estate in Tokyo's better office districts was mortgaged for up to 50 times annual rental income.

The bubble burst in early 1990 with the stock market losing half its value in just a few months. If savings banks, commercial banks and insurance companies had been forced to write down to realistic values their holdings of shares and real estate loans, there would have been massive financial collapse. Instead of organizing a managed and controlled retreat—akin to U.S. management of Latin American loans and real estate loans by commercial banks and thrifts—Japan is pretending the losses never happened. Massive government purchase of stocks and bonds accounted for one-third

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of all purchases on the Tokyo Stock Exchange in the spring of 1993. The official line is that the markets "must" go up as soon as the economy recovers, allowing the government to sell its equity holdings and even to make a profit. But that has never worked. The very existence of such holdings puts a lid on the market. And every day of postponement in facing financial reality makes the problem less tractable, more controversial, more divisive and more politically corrosive.

The official line in Japan is still that the country will return to the traditional long-term policy once the situation becomes "normal" again. It is doubtful that any informed Japanese, in or out of government, takes this profession seriously. The likelihood is that Japan will not, in the foreseeable future, return to having an economic policy. Rather, it will increasingly look like the major Western countries, whose economic irresolution and lack of direction the Japanese have been deriding for years. There will be no more "Japan, Inc.," no consensus, and no one policy-setting group steering the economy through "administrative guidance." Individual companies, industries and interest groups will go their own way, both domestically and internationally. Instead of "policy" there will be ad hoc, short-term measures but perhaps also increasing immobility (probably accompanied, as in the West, by increasingly grandiose promises).

This policy discord will be universally deplored in Japan as it is in the West, but it will not be universally unpopular. Leading manufacturers, especially those who are successful on the world markets, prefer a return to the days of a consistent economic policy in the hands of a powerful government bureaucracy. Japanese business leaders are disenchanted with "administrative guidance," which committed them in the last ten years to such strategic blunders as the emphasis on mainframe and supercomputers and the maintenance of the monopolies in telecommunications and telecommunications equipment.

If there is no consensus policy and no administrative guidance, individual Japanese companies should become tougher competitors on the world market. Their response to market opportunities and market challenges will be quicker. They are likely to work even harder on the three prongs of competition with which they attack Western competitors: control of the economics of the entire production and distribution process rather than accounting control of the costs of each step; zero-defects quality; and shortening development, production and delivery cycles by spending money to save time.

Already individual companies have shifted from the traditional strategy of outguessing and outflanking Western competitors to genuine research aimed at innovative breakthroughs. Just as some individual companies in the West have prospered by doing things

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entirely their own way, so some Japanese companies can be expected to prosper greatly, by doing things their own way rather than the "Japanese way." But it remains questionable whether the Japanese economy as a whole will do any better without a consistent long-range policy and strong leadership than have the short-term-driven Western economies of the United States, the United Kingdom, France or Germany.

Taking Japan Seriously

THE UNITED STATES should, but probably will not, refrain from gloating and "Japan bashing." A financial crisis in Japan is the last thing the United States or anyone else in the developed world needs. Nor is it in America's interest for the world's second-largest economy to have a disorganized and drifting government or an increasingly disoriented society. Such circumstances could only mean that the Japanese would start hunting for a scapegoat and would find it in Americans.

Washington will rightfully press Tokyo much harder to eliminate the obstacles to the entry on fair terms of American goods, services and investments. Japan is not nearly as protectionist as American public opinion believes—or else American manufactured-goods exports to Japan would not have almost doubled in the last ten years—particularly in high-technology products. In fact as a proportion of total U.S.-Japanese trade, the deficit is now only a fraction of what it was ten years ago. And Japan is still the best customer by far for American foodstuffs and forest products, all of which the Japanese could easily buy from other suppliers at the same price and quality.

Still, there are real obstacles to foreign business in Japan. For better or worse, the disappearance of the Soviet threat means that there is now no reason the United States should not demand the same access for its products, services and investments that the Japanese enjoy to the far less restricted U.S. markets.

Washington needs a trade policy that focuses on those areas where removing Japanese barriers would actually make a difference. This means, for instance, forgetting about the Japanese ban on rice imports. U.S. nagging on rice helps no one but the Japanese politicians who skillfully blame American pressure for whittling down increasingly onerous subsidies to Japan's politically powerful rice growers. If any foreign country gets to supply Japan with large quantities of rice, it will not be California; it will be lower-cost Thailand or Vietnam. Also, penalizing Japanese automobile imports, for which Detroit's Big Three have been clamoring, is nothing but pure emotion; the automobile workers' union would applaud, but it would not help Detroit at all. It would, however, greatly help the major Japanese automobile manufacturers' public relations. Such demands would give

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them the pretext they badly need to speed up their plans to move production for the U.S. market entirely out of Japan and into their U.S. plants where costs are actually lower than they are at home. It would give them a perfect excuse for doing the politically unthinkable but economically inevitable—laying off Japanese workers who have lifetime employment.

Beyond using a little more intelligence and a good deal less rhetoric in relations with Japan, the only thing Washington can do is to understand the transition Japan is going through. It needs to take Japan seriously, for it is the only big customer left for U.S. farm and forest products and one of America's biggest manufactured goods customers. Japan is still the only fully developed and democratic non-Western country, with the world's second-largest economy. It is not a happy omen that there is, apparently, no one in a senior policymaking position in the present administration who seems to know or care much about Japan. ✍

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THE MOSQUE AND THE TEMPLE
The Rise of Fundamentalism

Ved Mehta

TODAY, everywhere one looks in India one sees political deterioration and religious turmoil. In the northeast, in the state of Assam, the Hindus are trying to expel hundreds of thousands of Muslim immigrants who have been streaming in from impoverished Bangladesh; and, in other parts of the northeast, for some time the Nagas, the Gurkhas, the Mizos, and the Jharkhands have all had secessionist movements afoot. In the northwest, the government has turned Kashmir, which has a predominantly Muslim population, into a virtual police state, thereby stoking its secessionist movement. Similarly, Indira Gandhi's 1984 attack, in Amritsar, on the Golden Temple, the Sikhs' holiest shrine, and the government's military suppression since then of the violent Sikh movement for an independent homeland in Punjab have created an apparently insoluble religious conflict between the Hindus and the Sikhs there, turning that state into an Indian version of Northern Ireland. Throughout the country, in all the major religions, extremism has been steadily on the rise over the last decade.

The Mosque's Destruction

THE MOST egregious example of Hindu extremism concerns Babari Masjid, a mosque built in Ayodhya in 1528 by a lieutenant of the Mogul Emperor Babar in what is now the northern state of Uttar Pradesh. In 1987, the Bharatiya Janata Party, in concert with several private extremist Hindu organizations, embarked on a campaign to demolish the mosque and erect in its place a temple to Ram, an avatar of the Hindu god Vishnu and the protagonist of the great Sanskrit epic, the Ramayana. The BJP and its allies could not have chosen a more effective image and symbol than Ram to promote their cause among the people. For centuries, his exemplary life has been a model for Hindus, especially in northern India. His name is known to every child and is constantly invoked as a symbol of love and peace, unselfishness and renunciation, suffering and endurance. The recitation of his name is to most Hindus a little like what making the sign of the cross is to Catholics. Although only the town of Ayodhya is associated with

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Ram, the BJP and its allies claimed—on the strength of some dubious legendary sources—that the very site of the mosque was the birthplace of Ram. They called for its liberation from Muslims and for the establishment of Rama Rajya, a sort of "God's kingdom," throughout India.

The BJP campaign was immediately seen by the Indian Muslims, a minority a hundred million strong, as a Hindu attack on their religion and their rights. But the BJP and its allies only intensified their campaign, whipping up Hindu sentiment and rallying millions of people to their cause, most of them in northern India. In October of 1990, V. P. Singh, then prime minister, went as far as to use troops to block tens of thousands of demonstrators marching on Ayodhya. Nonetheless, the march received enormous national attention and launched the BJP as a major political force. By 1991, it had become the main opposition to the ruling Congress Party in Delhi and had captured four important state governments. The BJP and its allies organized a second march on Ayodhya for December 6, 1992. In preparation for the event, the state government of Uttar Pradesh—a BJP government—constructed approach roads to the town, installed electrical connections, and, through a fraudulent legal maneuver, acquired a plot of land near the mosque. On the appointed morning, marchers thronged around barricades cordoning off the mosque and began praying. Around eleven o'clock, some of them broke through the barricades and, climbing up onto the domes and using primitive tools, such as sledgehammers, set to work smashing the mosque; others began clearing the surrounding land by demolishing the houses of Muslims, who could offer no resistance. Within a few hours, the structure was razed to the ground, its debris whisked away, a makeshift temple erected, and an idol of Ram set up inside. The vandals and their leaders seemed such a well-trained band and did their work with such dispatch that it was hard to escape the conclusion that the entire operation had been planned.

The BJP had given assurances to the new prime minister, Narasimha Rao, that the marchers would not harm the mosque, and Rao had accepted the assurances—either because he thought that if something happened to the mosque blame would be attached to the BJP or, more likely, because he is an indecisive man, who prefers to do nothing. (It is said that when he is a guest he has trouble deciding whether to drink coffee or tea.) In any event, he had not posted troops at the mosque. State police had been present, but had done little more than set off a few rounds of tear gas and charge into the crowds with bamboo staves.

On the face of it, the destruction of one mosque might not seem likely to have long-term consequences. Moreover, Babari Masjid, a crumbling structure, was a mosque of no

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particular architectural distinction and, because of bitter religious controversy between Hindus and Muslims, had not been used as a place of worship since 1949. But over the years the mosque had become a symbol of the Indian government's determination to protect the Muslim minority and uphold the tradition of the secular state. India has a long history of maintaining amicable relations among its many religions; for instance, the sixteenth-century Mogul Emperor Akbar was renowned for his policy of impartiality toward all religions. Every leader of independent India has known that neither democracy nor the union can survive without a national policy of religious toleration. Now the mosque's destruction has touched off the most widespread Hindu-Muslim riots since the partition of India in 1947.

At the time of this writing, more than three thousand people have been killed and more than a hundred cities have had to impose dusk-to-dawn curfews. It was originally thought that the mosque was an issue only among the illiterate poor, and that middle-class people living in the cities would not be drawn into the religious conflict. But then Bombay, the commercial capital of the nation, was all but shut down by the worst religious riots it has ever known. On December 15, 1992, Prime Minister Rao was forced by Arjun Singh, a powerful Congress Party leader, to dismiss the BJP government in the four states where it was in power and to arrest the party's national leaders. Although the leaders were later freed, the belated and seemingly vindictive action against the BJP further weakened what had already been seen as India's feeblest government since independence. Recently, however, Rao has shown some resolve—in, for instance, preventing the BJP from holding a big political rally in the capital. One reason he is able to take such action is that the BJP has to rely for support on only a few northern states, and therefore must show some restraint and responsibility if it is to have any hope of winning a national election.

India's National Identity

AT THE TIME of the destruction of the mosque, the Indian Supreme Court was adjudicating the question of whether the land on which the mosque stood belonged to the Hindus or the Muslims—an issue that had been in dispute since at least 1857. The handling of the case was a typical Indian response to an insoluble problem: allow confusion, delay, and neglect to run their course in the hope that one day a compromise would emerge. Now mob rule has been allowed to supersede the rule of law. The BJP and its allies have taken to claiming that Hindu temples once stood on the sites of other mosques besides Babari Masjid. Some BJP hotheads are even making that claim about the Jama Masjid, in Delhi, which is perhaps the greatest mosque in

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India, and also about the Taj Mahal; indeed, the authorities are reported to be considering surrounding the latter, a "wonder of the world," with barbed wire. These extremists have produced little evidence to buttress their various claims. One is bound to ask how far, and to what effect, they will carry the process of erasing hundreds of years of the Mogul past from the palimpsest of Indian history in the hope of discovering Hindu glory.

The recent Hindu campaign is seen as having given justification both to the Hindu faithful for taking the law into their own hands in the service of a higher purpose and to the Hindu politicians for capitalizing on the firestorm started by the destruction of the mosque. Certainly politicians have succeeded in making "Ram" a battle cry and turning a symbol of peace and renunciation of regal prerogatives into a symbol of violence and greed for power. Muslim militants have always used "Allah" as a battle cry—it is part of Islam's military inheritance—but the use of a god's name as a battle cry has no precedent in Hinduism, which is singular among religions in its reverence for all living things. Also, unlike the Muslims and the Sikhs, whose divines, as a matter of course, have always been involved in politics (both religions are theocratic), Hindus traditionally stayed out of politics, in part because they have no one sacred book, no one god—indeed, no one set of beliefs. But now Hindu priests have entered politics. Some of them are calling for a revision of the constitution in order to establish a wholly Hindu India—an India where Hindus, who make up eighty-three percent of the population, would rule, and religious minorities would be reduced to second-class status. If one directs those priests' attention to the example of Lebanon, they look blank. Either they have not heard of the country or they do not think that what has happened in Lebanon can happen in India. One detects all across India a new feeling of uncertainty and religious instability, and also a general hardening of mood among Hindus, Muslims, and Sikhs, who seem to lack all comprehension of the degree of social upheaval it augurs. Information is inaccurate and unreliable, since the government is constantly trying to keep inflammatory news out of the press, fearing that disturbances will spread like wildfire through a country filled with antagonistic castes, tribes, and religious groups.

The mosque episode has raised anew the whole issue of Indian identity. In the old secular climate, people tended to think of themselves as Indians first; now they tend to think of themselves as Hindus, Muslims, or Sikhs first. Even some enlightened, liberal Hindus have started thinking of themselves as Hindus first, and have jumped onto the BJP bandwagon in the hope of bringing about the transformation of secular India into Hindu

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India. Thanks to inflamed religious passions, the Hindu right and the promoters of religious bigotry seem to be winning votes from secular centrists and advocates of religious toleration (most of them in the Congress Party). Just as India is finally freeing its economy from socialist shibboleths and government controls in preparation for joining the global economy, the country seems to be regressing into the pre-Mogul, medieval Hindu India; its response to rapid change seems to be atavistic retreat. In a smaller country with a more uniform religious character, the failure to resolve such a conflict between the new and the old might not be catastrophic. India, however, is all but a subcontinent, with a population that includes more Muslims than that of, for instance, the Muslim nation of Bangladesh. Even Pakistan has only ten million more Muslims than India.

Indian Muslims must share the blame for the growing religious conflict. Since independence, their leaders, like Imam Bukhari and Syed Shahabuddin, have taken a conservative—almost fundamentalist—line, doing nothing to encourage open-mindedness and cooperation with Hindus and Sikhs. They have also done very little to improve the status of their people, who, by and large, are less well off economically than either the Hindus or the Sikhs. Hindu leaders, for their part, have never accepted the so-called two-nation theory, which holds that Hindus and Muslims must have separate countries. They have long feared a pan-Islamic movement stretching from Pakistan through Afghanistan and Iran and across the whole of North Africa, and are now delighted to have their own country's Muslims on the run. In a country whose religious minorities include not only Muslims and Sikhs but also Christians, Parsis, Jains, Buddhists, and Jews, and which has already been partitioned, the struggle in Ayodhya over the mosque and the temple has raised the specter not only of Lebanon but also of Yugoslavia. Balkanization has all along been the greatest threat to the country—for, like the doomed Austro-Hungarian Empire, India has many warring races, nationalities, and language groups.

Will India Crumble?

CASSANDRAS, always highly vocal in India, maintain that only some kind of military dictatorship can now preserve the unity of the country, and they predict that sooner or later it will succumb to such a system, as so many of its poor neighbors have done. One can argue, however, that Indians are resilient people and have a way of living with their problems; hence John Kenneth Galbraith's description of independent India as "functioning anarchy." The country's democratic tradition, though relatively new, has served as a safety valve for every kind of national, religious, and caste rivalry. The middle class, which was a tiny frac-

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tion of the population at independence, may now amount to as much as twenty percent, and it has a strong interest in the survival of a democratic, united India. Moreover, Hinduism has been for most of its history a pacific and tolerant religion, accommodating everything from animism to Tantric exercises and mysticism. It has never proselytized. And it may be that the extremely rigid hierarchy of three thousand or more castes and subcastes in Hinduism, which has been a force of stability for more than twenty-five hundred years, can help to keep the country together. Castes have been such a dominant part of Indian society that even when some of its people were converted to Islam or Sikhism—and most of the original Indian Muslims and all the original Sikhs were converts—they continued to observe the social distinctions of the Hindu caste system. In a sense, Indian Muslims have much more in common with Indian Hindus than with the Muslims in the rest of the world. And certainly all Indians have much more in common with each other than do, say, the peoples of the former Soviet Union.

While, in the end, India may not disintegrate, the country has, in its forty-five years of independence, forfeited a singular opportunity to modernize itself. The government could have been minimizing expenditure on defense and concentrating instead on hygiene and sanitation, on a safe water supply, on agriculture, on extending electricity in villages, on controlling population growth (since independence the population has almost tripled), on preventing the spread of pollution (New Delhi now ranks third among the world's worst-polluted cities), and on truly liberating the Indian economy and opening it up to foreign capital, thus averting the rise of the religious extremism and Hindu chauvinism that now threaten the nation's very existence. ✍

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THE DIMINISHED GIANT SYNDROME
How Declinism Drives Trade Policy

Jagdish Bhagwati

THE PERCEPTION, far exceeding the reality, of American decline is having subtly harmful consequences for U.S. international economic policy. The curse of declinism, manifest from the mid-1980s but contained by the Bush administration, was indulged to excess by Bill Clinton's campaign. Its political success in ending Republican presidential reign adds a lethal edge to the prospect that U.S. leadership will be sacrificed to the myopic and self-indulgent pursuit of "what's in it for us" economic policies in the world arena.

The American mood parallels Great Britain's at the end of the nineteenth century. Germany and the United States had emerged on the world economic scene as major players, threatening the end of the British Century. Today it is Japan that has emerged, threatening to open a Pacific Century. As was Great Britain at that time, America has been struck by a "diminished giant syndrome"—reinforced by the slippage in the growth of its living standards in the 1980s. This affliction has caused a loss of confidence in America's inherited postwar trade policies.

When the syndrome hit Great Britain unilateral free trade had been received doctrine, with Germany and the United States seen, correctly, as embracing tariffs to protect nascent industries. The ensuing debate was about renouncing British unilateralism, which had been practiced with a passion for nearly half a century. In the United States a parallel view has grown—with presumably immense influence in the Clinton administration—that America too has disarmed itself unilaterally in trade while others compete "unfairly" and that the time has come to shift from being patsies who turn the other cheek to becoming aggressive traders.

The British reality of asymmetrical trade barriers, which survived that nineteenth-century debate, is matched today only by America's perception of the same. This perception is grossly disproportionate to the reality, but it is driving Wash-

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ington toward trade policies that could well endanger the postwar trading system that it has so assiduously nurtured for more than forty years. It rests on a measure of self-serving exaggeration and distortion of facts, all a result of the panic and petulance that attend the diminished giant syndrome. Two examples should illustrate.

First, the belief is strong on Capitol Hill that, in the postwar period of nearly half a century, America gave away trade concessions and collected few in return. This was true in a few cases, as with developing countries and Europe right after World War II. But after the earliest rounds of multilateral negotiations, in every successive round America has sought and gained balanced concessions. Indeed, by most judgments the proposed "Dunkel Draft" agreement for the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) is heavily unbalanced in America's favor. Reciprocity, not unilateralism, has been America's motto in trade through nearly all its history. The contrary notion rests on a myth. But, held with conviction, it fuels the sense that America needs to switch from a multilateral exchange of concessions to unilateral demands for unrequited concessions by others. The earlier bargains were "unfair." Thus the new order should redress the imbalance that America's altruism spawned and which the aggrieved power can now ill afford.

Second, the notion that Japan is "closed" is by now accepted among many as an article of faith. It continually leads to demands for managed trade in the shape of commitments by Tokyo for quantitative import targets and export concessions by Japanese industries. But these demands do not distinguish between "openness" and "penetrability." The Japanese market is open to manufactured imports, largely as a result of the trade liberalizations of the early 1980s. The U.S. market, on the other hand, is dominated by voluntary export restraints (on automobiles, among other items) and antidumping actions, from which Japan has abstained. But there remain many complaints of the difficulty of penetration resulting from Japanese institutions and practices that create witting and unwitting roadblocks to market access.

These cascading complaints are often a reflection of the fact that the Japanese economy has different institutional features that are a consequence of its history. Japan's success in escaping colonization and its policy of selectively importing foreign technology and ideas—and even of keeping foreigners at a distance within Japan—have prevented the extensive acculturation that other countries such as China and India went through over a century ago. Japan has been exposed to this process only since its postwar occupation. By now, however, the nation is changing rapidly. The new pace of acculturation is reflected in the prominent Japanese novelist

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Junichiro Tanizaki's poignant essay, "In Praise of Shadows," which laments the passing of the old Japan. But acculturation works not merely through the conventional diffusion of American culture. It also operates through the extensive presence abroad of Japanese multinationals, and hence Japanese executives and their families.

The perception that the Japanese market is open and substantial has finally led to an increased willingness to undertake the added fixed costs necessary to enter it. The complaints about Japan's impenetrability are a clear sign that Japan is, in fact, being penetrated effectively. The unfamiliarity of the terrain is generating unreasonable demands that the Japanese landscape be remade in America's own image. The results of this penetration are reflected in the unprecedented rise in the late 1980s in the ratio of manufactured imports to GNP and as a share of total imports. Demands for widespread changes in Japanese institutions and for managed trade, quite aside from their potential for damage to a rules-based world trading regime, thus reflect a panic that is not justified by the unfolding situation.

Japan's chronic payments surplus is not a sign of its "closed" market or of predation by Japanese exporters in America's "open" market. Balance of payments surpluses and deficits reflect macroeconomic factors, not trade barriers. Occasionally, concerned congressional representatives will bow to this economic logic. More often, however, they revert to what they think is surely "obvious." Thus many in Congress now seek to renew the Super 301 provision of the 1988 Omnibus Trade and Competitiveness Act, which would enable the Clinton administration to tag countries such as Japan as unfair traders—the criterion being that the competing nation accounts for more than 15 percent of the U.S. trade deficit. In her confirming testimony, even the president's chief economist, Laura D'Andrea Tyson, appeared to give a nod to this notion of a trade-barrier-caused payments deficit.

Of course, the Japanese trade surplus has grown even as its trade barriers have come down. Nor should one forget that, for a longer period than the "chronic" Japanese surplus, there existed the dreaded "dollar shortage" after World War II—and America would hardly accuse itself of being a closed or closing economy during those years of extensive trade liberalization. Nonetheless the Japanese surplus creates an inexorable sense that this "proves" that Japan is "closed" and, in turn, it drives demands for foolish changes in U.S. trade policy. The corrosive influence of these sentiments and misunderstandings is manifest in policy shifts that are already diluting the U.S. commitment to multilateralism, even as the president offers occasional support for the Uruguay Round.

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Unilateralism Hurts GATT

SUPPORT FOR aggressive unilateralism has grown. Threats of protectionist retaliation when others fail to meet either multilateral or bilateral treaty obligations is not the issue. It is only an issue when Washington uses its economic power to attempt to secure new concessions or changes in established trade practices that it unilaterally declares unfair or unacceptable. Such trade threats create the impression, now worldwide, that America believes in the law of the jungle rather than the rule of law—especially when these trade retaliations themselves are illegal under GATT.

The Clinton campaign unfortunately committed itself to reviving the lapsed Super 301 legislation in its manifesto, "Putting People First." This proposed legislation, alongside the attachment to the use of unilateralism, has added yet another objection to U.S. acceptance of the Dunkel Draft to settle the Uruguay Round: Washington now seeks to make the use of 301-type trade retaliation legal under GATT. This demand is most unlikely to be met since, as GATT chief Arthur Dunkel is supposed to have remarked, the best thing that the United States did for the GATT was to start down the 301 and Super 301 road, thus unifying an outraged and alarmed world behind the trading regime.

The problem with the embrace of aggressive unilateralism is that, in the end, other countries will not suffer it gladly. The use of Super 301 in 1989 did not work against India and Brazil, which both refused to bow to U.S. demands. Japan responded tangentially and eventually settled with few concessions. Taiwan and South Korea made small concessions to avoid being named. The European Community (EC) was left unmolested, having made amply clear its intention not to be browbeaten.

The reaction in Japan to the prospect of reviving Super 301 is likely to be more spirited this time. The Matsushita Committee report and business groups have argued for Japan to arm itself with Super 301 legislation of its own; there has been similar talk in Europe. Undoubtedly some countries would take the United States to the GATT dispute settlement process if it became clear that, unlike the Bush administration, which tended to moderate the use of such actions, the Clinton administration was enthusiastic for them.

Widespread use of Super 301-style tools would create an environment in which countries, even if not engaged in trade wars, would be charging each other unilaterally with unfair trade practices, psyching each other out with tough talk and threatened action. The atmospherics would become conducive to a breakdown of the trust and confidence necessary to maintaining an orderly, predictable trading system—precisely the climate in which protectionism may flourish. An excellent illustration is provided by

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the threatened use of the antidumping clause by Detroit's Big Three automakers. Once they thought that the Clinton administration favored aggressive action against foreign competition, they resorted to the "unfair trade" mechanism to secure their ends, as would be expected. But once foreign firms are unilaterally characterized as predatory or as being unfairly assisted by their own governments, or once foreign governments are accused of protecting their home turf—as indeed the Clinton people are given to doing—the outbreak of real trade wars looms that much larger.

Danger of Trade Blocs

DECLINIST sentiments may push the United States dangerously close to regionalism. Again there is an interesting parallel with Britian. In nineteenth-century Britain those who wanted to resort to (reciprocal) protection often also favored imperial preference, which would reserve British colonies for British goods, against Germany and America.

Today the enthusiasm for regional free trade areas is dressed up as a great free trade move. But it is evident that the main motivation is protectionist: Mexico becomes America's preferential market, with Japan and the EC at a disadvantage. Surely the relatively lukewarm enthusiasm among most American business groups for the Uruguay Round—as compared to passionate support for the North American Free Trade Agreement—can be attributed in large part to the fact that any advantages America gains under GATT are equally doled out to rivals in the EC and Japan, while under NAFTA they flow asymmetrically to the United States.

As long as the talk of "head to head" confrontation with the EC and Japan drives U.S. policy—with its zero-sum implication that their success means America's failure—Washington will move toward preferential trading arrangements. As it pushes yet further into South America, Washington will certainly provoke an Asian trading bloc. Unless the United States stops NAFTA at Mexico and turns firmly toward GATT-based multilateralism, a likely consequence of its obsession with decline will be a fragmented world of four blocs: an augmented EC; NAFTA extending into the Americas; a Japan-centered Asian bloc; and a fourth "bloc" of marginalized nations such as those of South Asia and Africa whose recent shift toward outward trade will be frustrated by preferential trade arrangements. That would be a tragedy.

Pessimism about America's ability to lead in the teeth of its diffidence and declinism is only accentuated when one focuses on the prospects it faces in trade policy. Economists, whose science is soft rather than hard, are inordinately pleased when their predictions turn out. Nonetheless, in the present instance my failure would please me all the more. ✍

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WHAT GREEN PERIL?

Leon T. Hadar

Fanning the Fear of Islam

FROM HOME AND ABROAD voices have begun to counsel the Clinton administration that with communism's death, America must prepare for a new global threat—radical Islam. This specter is symbolized by the Middle Eastern Muslim fundamentalist, a Khomeini-like creature armed with a radical ideology and nuclear weapons, intent on launching a jihad against Western civilization.

In the search for new doctrines for a new world, this image of a worldwide threat from militant Islam could filter deep into the policymaking processes of the new administration. In the way that the perception of danger from Soviet communism helped to define U.S. foreign policy for more than four decades, the fear of Islam could embroil Washington in a second Cold War.

This policy, however, would rest on utterly fallacious assumptions: Islam is neither unified nor a threat to the United States. Were America to let these phobias drive its foreign policy it would be forced into long and costly battles with various, unrelated regional phenomena. In the Middle East, the principal battleground of this struggle, it would place America in the position of maintaining a corrupt, reactionary and unstable status quo. In short, such a policy would run against the long-term interests of the peoples of America and the Middle East.

Conjuring up a New Menace

LIKE THE RED MENACE of the Cold War era, the Green Peril—green being the color of Islam—is described as a cancer spreading around the globe, undermin-

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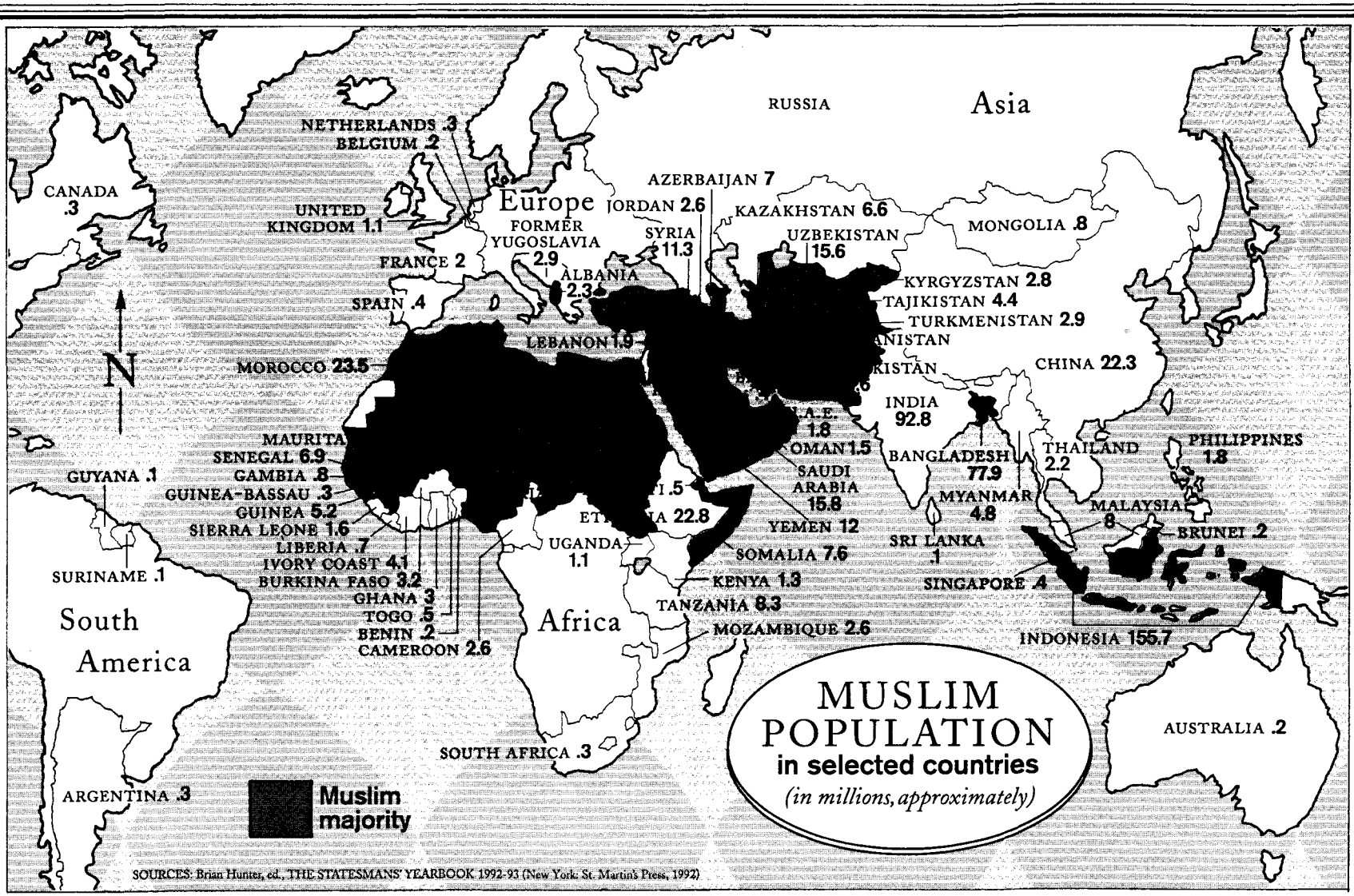

SOURCES: Brian Hunter, ed., THE STATESMANS' YEARBOOK 1992-93 (New York: St. Martin's Press, 1992)

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ing the legitimacy of Western values and threatening the national security of the United States. Tehran is the center of this ideological subversion, the world's new Comintern. The goal of the Iranian-led global intifada is said to be support for anti-Western regimes stretching from North Africa across the Near East and the Persian Gulf to Central Asia. Tehran's aim is to control the oil-rich gulf, destroy Israel and threaten areas on the periphery of a new "arc of crisis"—the Horn of Africa, southern Europe, the Balkans and the Indian subcontinent.

The Islamic conspiracy theory ties together isolated events and trends: the recent bombing of the World Trade Center in New York City, the civil war between the Muslim government in Khartoum and the Christians and Animists in southern Sudan; terrorist attacks by radical Muslim groups in Egypt; the popularity of Islamic parties in Algeria and Tunisia; Arab support for the Bosnian Muslims; the instability in the newly independent Central Asian republics; the Lebanese Shiites' struggle for political power; the continuing Palestinian uprising; and Iran's pursuit of economic power and political influence in the Persian Gulf and Central Asia. In short, all the changes and instability in the post-Cold War Middle East and its peripheries are described as part of a grand scheme perpetrated by "Islam International."

Apart from some frustrated Cold Warriors in Washington, this campaign has been eagerly joined by a strange group of foreign governments including Egypt, Saudi Arabia, Israel, Turkey, Pakistan, India and the old communist regimes in Central Asia. Some of these have repressive governments that need a new enemy to preserve eroding public support. All are concerned about their weakening strategic value to America, now that the superpowers have made peace.

Turkey and Pakistan have already volunteered their services to the West to halt Iranian-led radical schemes in Central Asia. India presents itself as a bulwark against Islamic Pakistan's designs. Serbian nationalists have described their "ethnic cleansing" policies as part of an effort to contain the spread of radical Islam to Europe's center. The Israelis, who five years ago equated Palestinian nationalism with "Soviet-sponsored terrorism," are now identifying it with Islamic fundamentalism. Israeli Prime Minister Yitzhak Rabin justified his government's expulsion of 415 Islamic activists to Lebanon in December 1992 by suggesting that the Jewish

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state stands "first today in the line of fire against extremist Islam."

A mirror image of the Israeli argument is reflected in the Arab spin. Riyadh and Cairo contend that Washington's refusal to pressure Israel to give up the occupied territories increases the growing danger of Islamic radicalization of the Arab and Muslim world. Ironically, Israel might find that, in the long run, the propagation of the Islamic threat might turn against its interests.

These strategies recall the way Third World countries exploited the U.S. obsession with the Red Menace during the Cold War despite their own skepticism about its long-term threat. Even Uganda has been requesting military aid from Washington to combat the Islamic threat from Sudan. The anti-Iranian/Islamic fundamentalism hysteria that has gripped the U.S. media and Congress has already produced a theater of the absurd, when the People's Warriors of Iran, an Iraqi-based Iranian group with a Marxist leaning, succeeded in getting the majority of Senate members to sign a letter promoting its agenda. This organization, with a history of anti-American terrorist activities, even gained access to the top foreign policy aides of then Governor Bill Clinton during the presidential campaign.

These governments and their lobby organizations use leaks, misinformation and media spins to help construct the new Middle Eastern danger. "Government sources" and "intelligence reports," sometimes using questionable evidence and exaggerating credible information, warn of Iranian subversion in Central Asia, the export of terrorism to North Africa and Egypt, and a Khartoum-Tehran connection.

Journalists, who have become the transmission belt for such reports, so reminiscent of Cold War propaganda campaigns, add drama to the mix. They impose the term "Islamic fundamentalism" to describe diverse and unrelated movements that range from CIA-trained Islamic guerrillas in Afghanistan to the anti-American clerics in Iran, from the Muslim Brotherhood in Egypt, operating in a parliamentary system, to murderous terrorist organizations like the Lebanese Hezbollah, from pro-American Saudi Arabia to anti-American Libya. Think-tank studies, op-ed pieces and congressional hearings add color to this image of a unified and monolithic Islam.

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The Muslims Are Not Coming

BEFORE LEADING AMERICA into a war against Islam, President Clinton would be well advised to take a bird's-eye view of the so-called Islamic crescent. Instead of a monolithic Islamistan, he would uncover a mosaic of many national, ethnic and religious groups competing for power and influence; a multinational phenomenon ranging from Malaysia to France, in which Islam, like Christianity and Judaism, is less a transnational political force and more a vital religion that provides spiritual support for a broad spectrum of people, some liberal, some orthodox. It is a kaleidoscope producing shifting balances of power and overlapping ideological configurations that neither Tehran—nor Washington—can control.

Far from being a unified power that is about to reach again the gates of Vienna and the shores of Spain, Islam is, in fact, currently on the defensive against militant anti-Muslim fundamentalists. In the former Yugoslavia, the Westernized and secular Muslim population of Bosnia and Kosovo is threatened with extinction by Serbian nationalists, who have a strong connection to the Eastern Orthodox Church. In Central Asia, the old communist guard, with support from Russian nationalists, is leading a bloody campaign against both Westernized and Islamic opposition groups, sending a wave of Muslim refugees from Tajikistan into Afghanistan. In India, the Bharatiya Janata Party, an anti-Muslim Hindu nationalist group, and the even more militant Shiv Sena are gaining power. In the West Bank, Gush Emmunim, the Jewish fundamentalist settlement movement, has been spearheading since 1967 the Greater Israel drive, aimed at suppressing the Palestinian nationalist movement, which includes many secular Muslims and Christians. And in France and Germany, racist and neo-Nazi groups are trying to violently eject large Muslim immigrant populations. These developments do not reflect a war between

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Western and Islamic civilizations. Actually, Western, including Jewish, sympathy seems to be moving in the direction of the Muslims in Bosnia, France and Germany, while the struggles in the West Bank and India are producing at best mixed feelings.

Ironically, the most militant and successful Islamic fundamentalist offensive has been led and financed by the United States. The broad coalition of Mujahedeen freedom fighters, trained by Washington and the Pakistani government, successfully ousted the Moscow-backed regime in Afghanistan in April 1992. Currently, the remnants of the Mujahedeen, which comprises various ethnic, religious and linguistic groups, are engaged in a bloody war for control of Afghanistan. The governments in Central Asia consider these warriors—not Tehran—the greatest threat to regional stability. These Mujahedeen veterans are also playing a key role in the Islamic rebel movements in Algeria and Egypt.

Balance of Power Games, Not Holy Wars

THE DISINTEGRATION of Afghanistan into mini-states ruled by different tribal leaders with complex ties to outside powers reflects the return of the nineteenth-century Great Game in Central Asia. Iran, Turkey, Pakistan, Russia, China and even Saudi Arabia and Israel are trying to establish spheres of influence in the area. But the new balance of power constellations in Central Asia and the Middle East are not pitting a unified pro-Iranian coalition against a unified pro-Western axis. They are producing strange bedfellows whose moves are driven by a complicated set of interests and ideologies, Islam being only one part of the mix. The continuing instability in these regions is a result of the struggle for self-determination by ethnic groups, a largely secular-nationalist drive, though various Islamic groups carry the banner of national independence, just as the Catholic Church did in Poland in the 1980s.

Iran's role in these developments, far from being revolutionary, leans toward maintaining the status quo. It has joined Turkey and Syria to discuss ways to prevent the rise of Kurdish nationalism. Worried over the secession of its own Azeri minority and the instability in its southern Caucasian backyard, Tehran has tried unsuccessfully to bring a peaceful end to the dispute between Armenia and Azerbaijan over

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Nagorno-Karabakh. Not wanting to see a strong nationalist Azeri state stirred by pan-Turkism, it has tilted toward the Armenian Christians, for years the darlings of the West. Iran occasionally supported changes in the status quo, for example, by backing the Islamic opposition in Tajikistan, where the anti-Western old communist guard is trying to hold on to power.

Like other players in the region—the Arab states, Turkey, Israel—Iran projects a mixture of defensive and aggressive strategies that are motivated less by Islamic ideology than by its perceived national interests in Central Asia and the Persian Gulf, and in particular by the need to prevent the rise of unsympathetic players in these regions. On one hand, Tehran has promoted economic cooperation and trade through the formation of regional groups like the Central Asian Economic Cooperation Organization and the Caspian Sea Cooperation Council. On the other hand, not unlike pan-Arabism, pan-Turkism and pan-Islamism, Iran has tried to export its own version of Islam, as well as the Persian language, as a way of advancing its interests in the Middle East and Central Asia, though with mixed results—the Iraqi Shiites' support for their government during the war with Iran being the most dramatic failure.

The nightmare scenario of a new Iranian-led Islamic empire is a result of misguided Western fears. Even Egypt during the heyday of pan-Arabism under Gamal Abdel al-Nasser was unable to lay the groundwork for the unification of Arabs, who share a common language and culture. Iran's Shiite religion, its historical animosity toward the Arab world, its struggles with Iraq over influence in the Persian Gulf and with Turkey over influence in Central Asia, and its limited economic and military power place severe constraints on its ability to become a magnet for the mostly Sunni Muslim world. Nor do talks about an Iranian-Sudanese alliance look promising; Tehran and Khartoum have parted ways on many issues—Khartoum refused to follow Tehran's lead in isolating Iraq during the gulf crisis and in turning against the Palestine Liberation Organization.

Turkey, Israel, Egypt, Pakistan and other states are self-interested and well equipped to contain Iranian expansionism even without American prodding. At the same time, Iran could find itself sharing interests with some of these rivals. Tehran supported the American-led Arab coalition against

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Saddam Hussein and, like Israel, is against the creation of a united Arab bloc in the region. The Iranian policy of deterring an aggressive Iraq and of rejecting efforts by Saudi Arabia and the American-backed Gulf Cooperation Council to isolate it in the gulf are as understandable as are past Israeli policies of preventing its encirclement by a Soviet-backed Arab bloc. In both cases strategic considerations and not religious beliefs have been the driving force. In fact, most of Iran's recent moves on the foreign policy front, including the reported attempts to acquire nuclear weapons, would probably have been applauded by the secular and pro-Western shah. In the anarchic environment of the Middle East, where Israel, Iraq, Pakistan and Kazakhstan possess or could possibly possess nuclear weapons, Iran's interest in acquiring similar capability is hardly surprising.

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While there is a strong religious component in Iran's foreign policy, fundamentalism is usually outweighed by Iran's military and economic interests. The so-called moderates in Tehran, led by President Ali Akbar Hashemi Rafsanjani, are in large part Iranian nationalists. While committed to a theocratic form of government, they recognize that the costs of channeling their revolutionary fervor abroad have made it more difficult to pursue Iran's security interests. Their opening to the West is motivated by the same concerns that led the orthodox-communist Chinese leadership to establish diplomatic relations with the United States—the need to improve their nation's diplomatic and economic power position.

The Mosque and the Audiocassette

IF A CRUSADE against Iran and Islam makes little sense from a realpolitik perspective, as an idealistic Wilsonian project it lacks credibility. Unlike communism in its heyday, the Islamic movement is not a powerful global ideology competing with democracy. Rather, as an umbrella for

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diverse and disorganized political ideologies, political Islam is only one of the many and multifaceted elements in the colorful Middle Eastern tapestry that the end of the Cold War is unfolding.

The Islamic resurgence is a response to the confusion and anxiety of modernity and a challenge to repressive and corrupt regimes. Like Christians during the Reformation, the Islamists attempt to reach directly the literal word of God and provide legitimacy to popular demands to transform their societies. Indeed, the political clout the Islamists now have is due not to the desire of Arabs and others to live under strict Islamic rule, but to the perceived failure of Western models of political and economic order, including nationalism and socialism, to solve the Middle East's problems.

As in other parts of the world, the political order in the Middle East is under challenge. With the end of superpower rivalry, Arab governments are finding it more difficult to extract economic and military support from external powers in return for their strategic services. That situation is exacerbated by the global economic recession and the fall in oil prices, which have reduced the amount of capital available for aid and investment in the region. The result is growing public disenchantment with and opposition to the socialist, Baathist, nationalist and established Islamic leaders who are trying to maintain their hold on power. In Saudi Arabia, Kuwait and the other Arab gulf states, rampant corruption, bogus legal systems, ineffective armies, mismanaged economies and dependency on the United States have eroded the legitimacy of the regimes. In North Africa, bankrupt statist economies continue to provide benefits to the politically corrupt nomenklatura.

Unlike secular organizations, or even liberal Islamic ones, the mosque has remained a relatively independent institution in many Arab states, and has therefore become an important center for expressing the discontent of the unemployed and disenfranchised youth. But trends are leading in many different directions, producing overlapping coalitions and alliances with no common ideological denominator. The search in the West for an explanation that will distinguish between the good guys and the villains—with the Islamists being usually placed in the latter drawer—is futile and simplistic.

The Islamic groups that operate in opposition to the different autocratic regimes represent a diversity of players and organizations. They are populists who do not fit into a

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left-right dichotomy and combine a strange mix of atavism, romanticism, and a respect for certain free-market ideas and for Western technology. The mosque and the audiocassette have become their two major propaganda tools, reflecting the love-hate prism through which they view the West. Some of Ayatollah Ruhollah Khomeini's clerics, for example, are economic liberals who are much closer ideologically to Margaret Thatcher and Ronald Reagan than are the pro-American statist leaders who rule Egypt and North Africa. Indeed, support for the Islamists has come in part from the bazaars, from the merchants and small businessmen who are opposed to government control of the economy.

"The mosque and the audiocassette have become their two major propaganda tools, reflecting the love-hate prism through which they view the West."

Many Islamic leaders do not fit the image of radicals and terrorists. Working together with secular parties and using the language of political liberalization, they have pressed for political reforms that have led to elections in Egypt, Tunisia, Algeria, Jordan and Kuwait and to the establishment of a consultative assembly in Saudi Arabia. Most Islamic groups that operate more or less freely in the relatively open systems of Egypt and Jordan or in the more democratic systems of Turkey and Pakistan have successfully adapted to the democratic game—running candidates in local and national elections, forming alliances with secular groups and holding cabinet positions.

The Egyptian Muslim Brotherhood, although prevented from participating in elections as a political party, joined forces with the Wafd party in the 1984 elections. It then formed a new coalition with the Labor Party, calling itself the Islamic Alliance. In the 1987 elections, it won close to 20 percent of the vote and emerged as the main opposition to the government. In Jordan, the Muslim Brotherhood remains the largest and best organized group in the country, forming recently with independent Islamists, a newly licensed Islamic Action Front. Many analysts expect the movement to win a majority in the coming parliamentary elections.

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Moreover, contrary to Western stereotypes, many Islamic leaders are not medieval figures. As in the case of the Islamic Salvation Front (FIS) in Algeria, they are educated professionals, such as engineers, physicians, lawyers and academics, who control modern institutions like hospitals, schools and businesses. They are not interested in returning their societies to the past as much as transforming their political and economic structures. Even Iran's theocrats utilize Western concepts of government—"republic," "democracy" and "constitution"—to legitimize their rule.

That does not turn the Islamists into Jeffersonian democrats. There is no Middle Eastern equivalent of a Mikhail Gorbachev, let alone a Václav Havel. The most extreme among them will try to rigidly enforce the *sharia*, or Islamic law, in their societies, which would require the complete segregation of the sexes outside the home and the introduction of stoning, flogging and amputation as legal punishments. Westerners who believe in the universal application of such ideas as individual rights and freedom of religion should not accept an argument, smacking of cultural relativism, that their values only apply to the secular West and that Muslims, unlike Christians or Jews, are more inclined to live under repressive religious systems. By the same token, however, neither should analysts and policymakers adopt a mirror image of this argument, suggesting that for some reason Muslim societies, unlike their counterparts in Eastern Europe or the former Soviet Union, are inherently resistant to democratic rule. The American government that found it possible to promote elections from Russia to Nicaragua, from Cambodia to Kenya, should not believe that Muslim societies are not yet ready for democracy.

In fact, when it comes to free elections in Algeria or Egypt, Washington suddenly begins to lament over the "dilemmas," the "difficult choices," and the danger that democracy in those countries would bring anti-democratic forces to power and produce messy problems for the United States. Similarly, the media and Congress, which have constantly denounced human rights violations in countries like China, do not seem to express a similar sense of sorrow when the regimes in Algeria and Tunisia repress their own citizens.

This attitude is based partly on the genuine concern that if Islamic parties come into power through democratic elections, they will impose an intolerant, undemocratic order on society

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and usher in a new dark age of fundamentalist rule. But it is doubtful that any serious voice in Europe and the United States, using this same logic, would suggest that because of the real danger of rising nationalist-authoritarian regimes in Eastern Europe, the West in retrospect would have been better off with the communist governments remaining in power.

The inevitable rise of Islamic regimes in countries like Algeria or Egypt is a transitional phase in the process of political and economic transformation of the old order in the Middle East. Once in power, Islamic groups like the FIS, who have thrived on the martyrdom of political oppression, will have to deal with the mundane social and economic problems of their country. If they want to expand their political bases and remain in power, they will have to form political coalitions, modify their rigid theocratic agenda, and take into consideration the interests and views of competing groups like the military and the business community as well as those of foreign governments and investors.

Like other political parties, Islamic groups will be judged by their ability to "deliver the goods," mainly economic opportunities. Religion, as King Hassan of Morocco once said, is not enough to run a country. Iran's clerics, facing public discontent, including food riots, over their handling of the economy, have had to move toward major changes in domestic and foreign policy aimed at stimulating the economy. "Had the Algerian elections been allowed to proceed, we would have seen the [FIS] at work," suggested King Hassan. Their failure could have led to the emergence of new secular opposition groups.

Instead, the cancellation of elections in Algeria in January 1992 and the pursuant violent political repression there and in Tunisia have only enhanced the popularity of the Islamic groups and helped to radicalize the FIS as well as Tunisia's Islamic Renaissance Party, leading to more confrontation and violence. Washington should not be surprised if, when those groups come to power, they have a hostile attitude toward the West, which has, after all, applauded their repression and encouraged the stifling of democracy in their countries. The crusade against political Islam is in danger of becoming a self-fulfilling prophecy.

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Washington: The Guarantor of the Status Quo

THE GREATEST HYPOCRISY in the debate over political Islam is the fact that Americans have fought a war and committed their military and diplomatic power to secure the survival of the most fundamentalist state of all—Saudi Arabia.

The Saudi regime's own legitimacy is based on an alliance with the Wahhabi movement, an extremely conservative Sunni sect. The Saudi government is actually more rigid in its application of Islamic law and more repressive in many respects than the one in Tehran. Saudi Arabia has no form of popular representation, political rights are totally denied to women and non-Muslims, and the regime has consistently applied *sharia* to criminal justice. It has financed a variety of Islamic groups worldwide, including the Hamas. Its ruler, King Fahd, has publicly stated that the "democratic system that is predominant in the world is not a suitable system for the peoples of our region" and that "the system of free elections is not suitable to our country." Indeed, Saudi Arabia, like all the other Arab oil-exporting states of the Persian Gulf, is an absolute monarchy that does not recognize the concepts of civil rights or civil liberties.

"Americans have fought a war and committed their military and diplomatic power to secure the survival of the most fundamentalist state of all—Saudi Arabia."

Washington also backed the regime of Jafar Muhammad Numayri in the Sudan after he had declared an "Islamic revolution," and supported Egyptian President Anwar Sadat after he had allied himself with the Islamic groups in his country. In both cases Islam was used, as in Saudi Arabia and Pakistan, to legitimize the rule of pro-Western authoritarian leaders. Similarly, U.S. concerns over democracy in the region do not prevent Washington from providing its second largest foreign aid package to the Egyptian government, whose security forces, according to Middle East Watch, "regularly resort to physical and psychological torture" of political and security suspects. Nor does Israel's own brand of Jewish theocracy diminish in any way its position as America's largest foreign

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aid recipient.

Indeed, the language of Wilsonian idealism with which the current criticism of political Islam is being framed masks clear political interests and has little to do with concerns over the status of liberty in the Middle East. Such rhetoric is used to mobilize support for the pro-Western autocratic regimes and by extension to secure U.S. hegemony in the region, and in particular its access to oil.

There is a major contradiction between America's global democracy project and its pax-Americana program in the Middle East. U.S. policymakers know that democratically elected and popularly based governments—Islamic or otherwise—would be less inclined to bow to American wishes. It is not a coincidence that the governments in Jordan, Yemen and Algeria (before the military takeover) were the most critical of U.S. policy during the Persian Gulf crisis, reflecting the general public mood in those countries. Hence the vicious circle: continued support for repressive regimes, exacerbated by America's alliance with Israel, only fans resentment toward the United States. And the existence of that resentment makes it more difficult for Washington to tolerate the idea of democratization and reforms in the region.

Constructive Disengagement

THE END OF THE COLD WAR has provided the United States with an opportunity to begin disengaging from trouble spots around the world, shifting security responsibilities to regional powers. The withdrawal from military bases in the Philippines points in that direction. At the same time, the end of the superpower rivalry has also permitted Washington to decouple itself from Third World tyrants and despots who lost their job of serving as regional anti-Soviet policemen. Bidding farewell to characters like Zaïre's President Mobuto Sese Seko reflects that trend.

No similar post-Cold War reexamination of U.S. policies has taken place in the Middle East, with the exception that the Bush administration proved unwilling to sponsor then Prime Minister Yitzhak Shamir's Greater Israel policies. That shift in policy led indirectly to the defeat of the Likud government in June 1992 and helped revive the peace process, thus improving America's position in the region. In the other parts of the Middle East, however, the fall of the Berlin Wall has

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been followed by a dramatic extension of U.S. military power and massive commitment to autocratic regimes, highlighted in Operation Desert Storm.

President Clinton should take a cue from one of his predecessors at the White House, John Quincy Adams, and resist the pressures from interested political parties and foreign clients to go "abroad in search of monsters to destroy." Indeed, searching for imaginary Muslim monsters will involve major costs for the United States. Clinton's geo-economic strategy, with its goal of shifting resources from the military to the civilian economy, does not fit with a costly involvement in the Middle East, which a crusade against Islam would certainly entail. After all, why should the United States continue to police the Persian Gulf for the Europeans and the Japanese, who are more dependent on oil coming from that region, while they beat Americans in the trade competition?

"Searching for imaginary Muslim monsters will involve major costs for the United States."

A policy of constructive disengagement from the Middle East would permit the United States to encourage Europe and Japan to start taking care of their interests there. Such a policy will also help create new and independent balance of power systems and security arrangements. Washington will not need anymore to play the role of balancer in the Middle East and to use Israel, Egypt, Turkey or Saudi Arabia as regional cops, while Iran could play a role in the region that is commensurate with its political and military power.

In the 1970s Washington opened lines of communication to Beijing during the height of its revolutionary fervor and helped Red China to gradually move away from its isolation and to begin reforming its politics and economics. Realpolitik considerations suggest that the Clinton administration adopt a similar strategy vis-à-vis Tehran that could lead to the restoration of diplomatic relations and the expansion of trade relations with Iran. A policy that rejects the idea of a grand Western crusade against Iran fits with U.S. interest in having a diplomatically responsible and economically prosperous Iran in the Persian Gulf. It will, in turn, strengthen the Iranian nationalists interested in attracting Western aid and investment

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and in integrating Tehran with the world community.

The new administration's neo-Wilsonian orientation with its emphasis on defending democracy, human rights, self-determination and arms control worldwide clearly runs contrary to the interest of maintaining alliances with Middle Eastern despots and arming them to the teeth. Directing such a policy only against Iran and the Islamists, while exempting the pro-American Arab axis from its pressure, will only signal to the rest of the world that American policy is dominated by duplicity.

President Clinton should use American diplomatic influence in the region to be an honest broker and to help Israel make peace with its neighbors, including the Palestinians. The integration of Israel into the Middle East will contribute to the creation of a stable Middle East, while self-determination for the Palestinians will advance the cause of political freedom. An Arab-Israeli peace could be a nucleus for the economic renaissance of the region, which, in turn, would strengthen the hands of the more Westernized and modernizing forces there. An America whose ties with Israel have ceased to be a burden in its relations with Muslims and that has left its Cold War legacy behind will not have to chase any more monsters or saints.

America should not lead a crusade for democracy in the Middle East. But neither should it continue, through aid and military support, to provide incentives for maintaining autocratic rule. Removing those incentives might force those rulers to begin reforming their political systems. If they refuse to do that, Washington should adopt a policy of benign neglect toward the coming political changes in the region. Disengaging from the Saudis and the other Middle Eastern despots will ensure that when new regimes come to power, they will not direct their wrath against Washington but against those external powers, like France, who might find it in their interest to maintain in power groups like Algeria's National Liberation Front. The interest of America lies not in isolating but in maintaining friendly relations with the new Islamic governments and in playing into the hands of the liberal and democratic elements in their countries through trade and communication. By doing this America will best serve both its own interests and the interests of the people of the Middle East. ✍

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THE CHALLENGE OF RADICAL ISLAM

Judith Miller

Islam's New Battle Cry

IN APRIL 1991 an unusual meeting was held in the Sudanese capital of Khartoum. For four days, leading Islamic politicians and intellectuals from 55 countries and three continents met to draft a common strategy to establish Muslim states in their respective lands. It was an Islamic star-studded event.

Among the participants were Rashid al-Ghannoushi, the exiled leader and articulate spokesman of al-Nahda, Tunisia's Islamic opposition movement; Ibrahim Shukri, a chief of the Muslim Brotherhood of Egypt; Gulbuddin Hekmatyar, the radical militant leader of Afghanistan's fundamentalist Hezb-i-Islami faction; Abassi Madani, then one of the two leaders of Algeria's ascendant Islamic Salvation Front (FIS); and, of course, a high-ranking delegate from the Islamic Republic of Iran. Also present were prominent Arab leftist and nationalist figures, such as Georges Habash, the Christian head of the radical secular Popular Front for the Liberation of Palestine. The host was Hassan al-Turabi, the spiritual chief and mastermind of Sudan's Islamic military government, who supervised the effort to draft a plan of action for "defying the tyrannical West."

The group ultimately approved a six-point manifesto intended to demonstrate that "whatever the strength of America and the West" in the aftermath of the Gulf War, "God is greater." The manifesto paid lip service to liberalism and democracy, asserting that they were "not incompatible" with *shura*, or Islamic government through consultation. Political pluralism was fine, provided it was not "unlimited" and was subordinate to the need for "unity and the *shura*." Cooperation with the

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West and existing non-Islamic governments was permissible, if such exchanges were based on new and more equitable principles. "Good regimes," the document states, "will benefit from popular will; bad regimes will be fought." Read in its entirety, the manifesto's underlying message was clear: in Islam's war against the West and the struggle to build Islamic states at home, the ends justified the means.

The gathering received almost no attention in the Western press. But many regard the Islamic Arab Popular Conference, as it was called, as an important event. It marked the first serious effort by an avowedly Islamic state to define with other leading figures of the movement their own vision of a new world order and a strategy for achieving it. The conference also made progress toward Turabi's long-stated goal of overcoming the historic rift between Sunni Muslim states, like Sudan, and a Shiite state, like Iran—that is, toward ending the bitter historic enmity that has separated these two wings of Islam since the seventh century. In addition, the gathering helped fuse formerly secular Arab nationalist movements, which have dominated Arab politics in the anticolonial struggles for independence and statehood for nearly 50 years, with the increasingly more seductive and influential groups espousing the new Islamic rhetoric.

What Is To Be Done?

HOW SHOULD THE United States and its new administration view the rise of militant Islam in the Middle East? How should Americans react? What, if anything, can be done about the trend?

The Khartoum conference is merely one example of the growing power of militant Islam. Since Islamic revolutionaries led by the Ayatollah Ruhollah Khomeini toppled the shah of Iran in 1979 and swept Islamic militants to power, an avowedly Islamic government has emerged only in impoverished, isolated Sudan. But everywhere, Arab governments are struggling to contain Islamic pressures and to respond to a widespread desire among their citizens for more "Islamic" government and society. Even in countries where there is little prospect that Islamic forces will rule in the near future, Islam has become the vocabulary of life, changing the language of politics, fundamental aspects of national culture and longstanding ethnic traditions.

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Few serious analysts of militant Islam, or Islamic fundamentalism (an inappropriate but widely used term borrowed from American Protestantism to describe the phenomenon), argue that Islamic militant groups constitute a monolith. Fewer still see Islam, or argue that the West should see Islam, as the "Green Menace," a potential replacement for the often self-destructive East-West competition between the Soviet Union and the United States. Most sophisticated analysts know that militant Islam is as diverse as the Arabs themselves and the countries in which it is taking hold. They recognize that Islam is not inherently at odds with modernity; the two co-exist comfortably in Muslim societies from Indonesia to Bosnia. Nor do most foes of fundamentalism maintain that the Khartoum conference and other efforts by Islamists to enhance cooperation should be regarded as a new "Khomeintern"—a vast conspiracy led by Iran and Sudan.

However, radical political Islam placed atop the societies of the Middle East has created a combustible mixture. And those who believe in universal human rights (and women's rights in particular), democratic government, political tolerance and pluralism and in peace between the Arabs and Israelis cannot be complacent about the growing strength of militant Islamic movements in most Middle Eastern countries, or about the numerous and increasing ties among such movements and between Iran and Sudan. Western governments should be concerned about these movements and, more important, should oppose them. For despite their rhetorical commitment to democracy and pluralism, virtually all militant Islamists oppose both. They are, and are likely to remain, anti-Western, anti-American and anti-Israeli.

"For despite their rhetorical commitment to democracy and pluralism, virtually all militant Islamists oppose both."

The Bush administration seemed to understand this point, but this recognition was never fully apparent in its policy. The administration tried to draw a distinction between good and bad Islamists, and it wound up fudging a response to the challenge posed by radical Islam. In June 1992 Edward Djerejian, who has remained assistant secretary of state for Near Eastern and South Asian affairs in the Clinton administration,

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belatedly unveiled America's policy toward Islam in the now-famous speech given in Washington known as the "Meridian House" declaration. America, he said, had nothing against Islam, "one of the world's great faiths" and "a historic civilizing force among the many that have influenced and enriched our culture." He added that America had nothing against Islamists or, as he put it, "believers living in different countries placing renewed emphasis on Islamic principles." But Washington was opposed to those who used religion as a cover for extremism and violence. "Stated simply," Djerejian concluded, "religion is not a determinant—positive or negative—in the nature or quality of our relations with other countries. Our quarrel is with extremism, and the violence, denial, intolerance, intimidation, coercion and terror which too often accompany it."

Djerejian's distinction was politically useful for the administration. It enabled Washington, on the one hand, to oppose any Islamic group that espoused violence and challenged regimes that the United States either liked or needed to do business with, such as Egypt and Saudi Arabia, and on the other, to resist the anti-American Islamic governments in power in Sudan and Iran, which met his criteria of being violent, intolerant and coercive. The doctrine, by extension, also justified American support for "good" Islamic groups—those seeking to overturn communist or tyrannical states (such as the Mujahedeen rebels in Afghanistan and the Mujahedeen-e Khalq, a militant Islamic group that is fighting Iran not only from inside Iraq but also from Washington).

A few analysts challenged the wisdom of America's support for these good Islamic groups. They warned ineffectively, but with keen foresight, that those Islamic factions supported by the West in their fight against Kabul would ultimately make Afghans nostalgic for the good old days of President Najibullah. And others labeled the American-tolerated, if not openly supported, Mujahedeen the "Khmer Rouge of Islamists."

Despite such reservations, the Bush administration's policy seemed fairly straightforward. Of course, the United States would oppose groups such as the violent wing of the Islamic Resistance Movement (Hamas), the Iranian-supported Hezbollah in Lebanon and the four—and still splitting—factions of the Islamic Jihad, all of which champion violence, terrorism and "holy war" to rid Muslims of the "un-Islamic" governments that oppress Arabs in Israel, Jordan, Lebanon

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and Egypt. But how would Washington view Islamic groups that pledged to create democratic rule, to respect human rights and pluralism? Specifically, how would Washington view such groups as the Muslim Brotherhood in Egypt and Jordan, the Ghannoushi's al-Nahda movement in Tunisia and the FIS in Algeria, all of which have vowed repeatedly to establish their Islamic states by playing by democratic rules?

The Djerejian doctrine hinted at a stance. What the United States wanted, he explained, was for Middle Eastern nations to broaden political participation in their societies. At the same time, he added, Washington would oppose those seeking to use the democratic process to come to power, only to destroy that very process in order to retain power and political dominance. "While we believe in the principle of 'one person, one vote'," he said, "we do not support 'one person, one vote, one time'."

But how would Washington know which Islamic groups were genuinely committed to democratic principles and peaceful coexistence with its own minorities, women and the West? Here, the statement was diplomatically silent. "We'll know 'em when we see 'em," quipped one American diplomat. But Washington's reluctance to spell out its criteria was a deliberate evasion. For the strongest Islamic groups in the Middle East today are not Hamas and Islamic Jihad, which can kill and terrorize but are not likely to be able to seize power and rule. Rather, the most formidable Islamic forces are, in fact, groups like the FIS and the Muslim Brotherhood, all of which possess vast networks of charitable associations, health clinics, hospitals, schools and mosques. Most of these groups espouse democratic principles in theory. Some of them have willingly participated (most with impressive success) in elections and other democratic experiments being conducted by most Middle Eastern states, which are under internal pressure for more "Islamic" government as a result of their failure to deliver economically and pressure from the West to open up their autocratic systems.

Clerics in Civilian Clothes?

WHY SHOULD ONE suspect the sincerity of the Islamists' commitment to truth, justice and the democratic way? In short, because of Arab and Islamic history and the nature and evolution of these groups. Consider, for one,

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the FIS. In Algeria the FIS won a plurality of the electoral votes in national elections in December 1991, but the group was denied victory by a military coup and the installation of an emergency government that has banned the FIS and ruthlessly hunted down its members ever since.

During parliamentary elections, FIS leaders led a double linguistic life. They offered Algeria's poor and disenfranchised vague slogans of spiritual and, more important, economic salvation through Islam, and to Western journalists and its more Frenchified but politically frustrated middle class, they gave reassurances of their belief in democracy and human rights. Before the first round of voting, in sum, FIS leaders were careful to stress their democratic intentions.

But their tone and message changed abruptly after the FIS scored so well in the first round and seemed destined to secure an overwhelming parliamentary majority in the second voting round. Only then did the supposedly moderate FIS leaders begin emphasizing the party's earlier slogan: "No law. No constitution. Only the laws of God and the Koran." While this linguistic double-talk may not justify the cancellation of elections and surely not the subsequent repression, it raises questions about what the FIS would have done had it been permitted to assume power.

A similar pattern of events occured in the Sudan. Islam was brought to power there not by the ballot box, but by a military coup. Sudan's leaders now parrot the Islamic values and principles enunciated by the Svengali of the Islamic movement—Hassan Turabi, a Western-trained jurist who is spellbinding in at least three languages. On paper, it was hard to find fault with Turabi. He favored "Islamic" emancipation of women and respect for individual dignity and property. Islam, he said, did not believe in coercion. But the reality of life in his new Islamic state belies these sentiments and reassurances. Since coming to power, the military government has canceled freedom of assembly and the press, banned all non-Islamic parties, forced women to wear Islamic dress or lose their jobs and, according to Amnesty International and other human rights groups, tortured suspected heretics and other political dissidents in what the Sudanese call "ghost houses," which are sprinkled throughout the capital.

Minorities have fared even worse. Catholic bishops have accused the Sudanese government of waging a holy war against the state's Christians (almost ten percent of the popula-

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tion) and those who follow African religions. *Sharia*, or Islamic law, has been reimposed with new vigor: lashings of women for inappropriate dress are now common; so are other corporal punishments, such as amputations for repeated theft, stoning for adultery; the law even allows crucifixion.

Iran is often cited as another example of Islamic "pragmatism" and growing "moderation." While Tehran allows greater freedom of debate and political participation than was permitted under the shah, and surely more than is allowed in most Arab countries, no individual or group that questions the basic tenets of the Islamic revolution and theocratic rule is permitted to participate. Iran, while desperately courting Western investment and assistance to bail out its failed Islamic economic experiment, remains nonetheless rhetorically and to some extent genuinely hostile to the West, the United States in particular. Finally, its refusal to retract the disgraceful religious ruling—or the bounty on his head—against Salman Rushdie for writing an allegedly blasphemous book, *The Satanic Verses*, reflects more vividly than any other single action Iran's total disregard for basic human rights and international law. "Murder," *The New York Times* editorialized recently, "is not an acceptable form of literary criticism."

"Iran remains nonetheless rhetorically and to some extent genuinely hostile to the West, the United States in particular."

John Esposito, a longtime student of Islamic groups, maintains that the West should not brand Islamists as pariahs simply because initial efforts to create enlightened Islamic entities and movements in the Middle East have not succeeded. The tolerant, moderate Islamists of the future hold the key to progressive change in a region that has steadfastly resisted it so far. But that argument would be far more persuasive if any of the ostensibly enlightened new leaders of the Islamic camp were willing to denounce publicly the religious ruling against Rushdie, or even what is happening in Iran or Sudan in the name of Islam. To date, few have. Even the leader of Egypt's Muslim Brotherhood, which seems tame and law-abiding compared with its Islamic counterparts (whose attacks on tourists have crippled Egypt's single largest source of foreign currency), is unwilling to criticize many Islamic excesses or challenge fun-

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damentalist orthodoxy. In an interview last year, for example, the Muslim Brotherhood spokesman said that if Egypt were to become an Islamic state, alcohol would have to be banned and perhaps the Camp David peace accords with Israel reconsidered.

A new, more moderate political Islam may evolve and take root in the region. But many believe that this is unlikely. "Islam is today the language of opposition," says A. Abu Zayd, a Sudanese educator. "To attract the young, Islam must be fierce and militant, opposed to the existing order. So to speak of a moderate political Islam is a contradiction in terms."

Others analysts, such as Martin Kramer, associate director of the Moshe Dayan Center at Tel Aviv University, argue that militant Islamic groups, by nature, cannot be democratic, pluralistic, egalitarian or pro-Western. In a recent *Commentary* article, Kramer notes that Islamic law is not legislated but divinely revealed. It is, therefore, perfect law, which as such is beyond reform, abrogation or alteration. "While it is not above some reinterpretation," Kramer observes, "neither is it infinitely elastic." That law, he continues, stands in stark opposition to the Universal Declaration of Human Rights, which guarantees the freedom to choose, among other things, one's religion and spouse, both of which are restricted in Islamic law. While Islam over the centuries has proven far more tolerant toward minorities and diversity than Christianity (sectarian strife and religious persecution having been atypical and hardly ever as intense as the great persecutions that occurred under Christianity), minorities under Islamic law are given protected, not equal, status.

Bernard Lewis, a noted historian of the Middle East, argues in a recent article in *The Atlantic Monthly* that the nature and history of Islam and the relationship between Islam and temporal power do not make liberal democracy and Islam natural bedfellows. Islam, he explains, has been characterized throughout history by the absence of any legal recognition of corporate persons or the legal person, which is at the heart of the representative institutions embodied in Roman law. The Islamic state was in principle a theocracy, Lewis argues, "not in the Western sense of a state ruled by the church and the clergy, since neither existed in the Islamic world, but in the more literal sense of a polity ruled by God." Therefore, devout Muslims believe that legitimate authority comes from God alone. And since the ruler derives his power from God

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and the holy law, and not from the people, defying authority has been tantamount to defying God. "Disobedience was a sin as well as a crime," Lewis concludes. Against such a backdrop, autocracy has been the norm, and the notions of plurality, self-criticism and disagreement—all essential features of liberal democracy—face an uphill, though not impossible, battle in winning widespread cultural acceptance.

Promote Human Rights, Not Elections

THE UNITED STATES' record of supporting authoritarian and autocratic governments in the Middle East to further narrowly defined national interests might make it unseemly now for Washington, citing human rights and concerns for democracy, to oppose the popular and populist Islamic movements that might seem to be the only way of ousting existing governments. But arguing that America has for far too long supported autocratic, oppressive governments in the Middle East because they were pro-Western does not justify now supporting Islamic alternatives that are definitely anti-Western simply because they happen not to be the current regimes or the devil that is known.

American officials formulating new policies toward Islam and the Arabs should be skeptical of those who seek to liberate Arabs through Islam. First, they should understand that no matter how often and fervently Islamic groups assert their commitment to democracy and pluralism, their basic ideological covenants and tracts, published declarations and interviews (especially in Arabic) appear to make these pledges incompatible with their stated goals of establishing societies under Islamic laws and according to Islamic values. Far too many Middle Easterners, and Islamists in particular, have learned how to mollify the West (and deceive their own potential adherents, many of whom genuinely crave democracy, greater political expression and an end to political repression) by manipulating the words of democracy.

Moreover, to most Islamists, and to many Arabs today, democracy translates as majority rule. There is an almost total disregard for minority rights, an essential component of liberal democracy. If the majority want an Islamic state, Islamists maintain, then the minority or minorities—be they religious, ethnic or female—who do not will have to put up or shut up, or accept a far worse fate.

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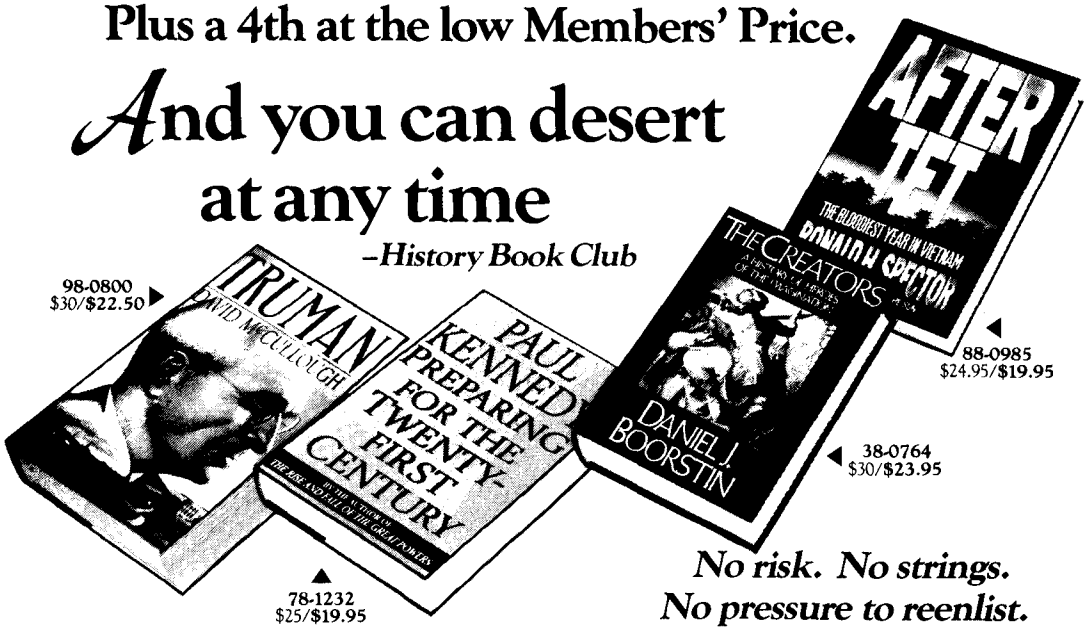

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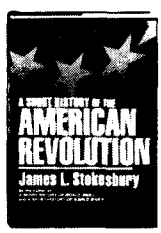

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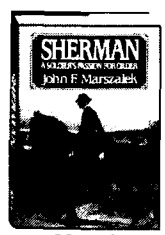

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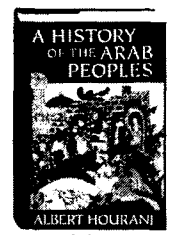

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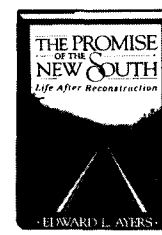

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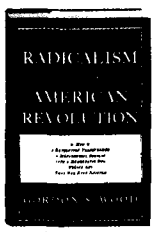

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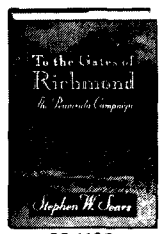

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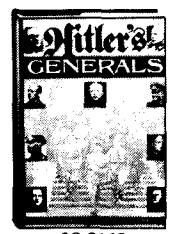

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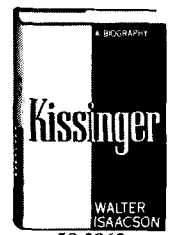

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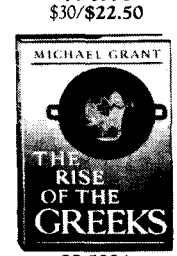

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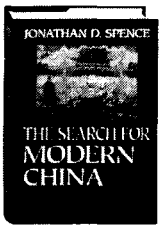

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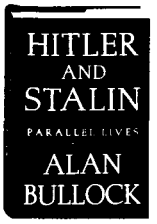

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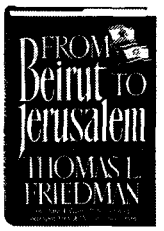

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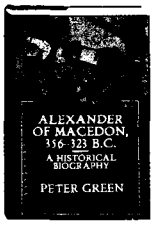

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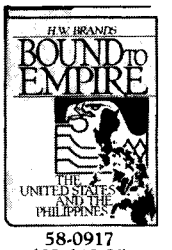

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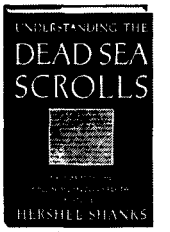

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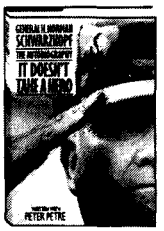

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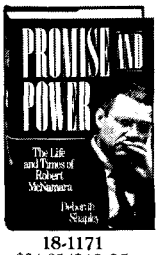

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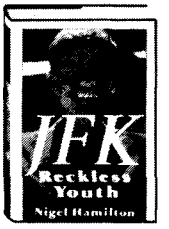

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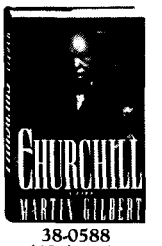

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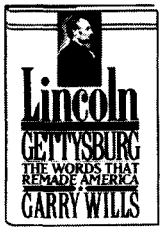

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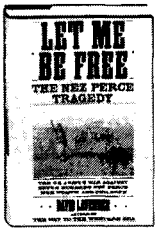

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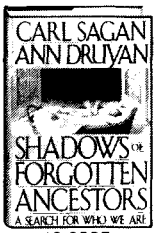

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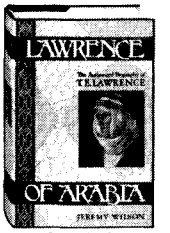

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As it begins to chart its course in foreign policy, the new Clinton administration is likely to feel obliged to promote democracy in the Middle East. It must recognize, however, that the promotion of free elections immediately is likely to lead to the triumph of Islamic groups that have no commitment to democracy in any recognizable, meaningful form. In other words, there seems to be a paradox in America's relentless rhetorical (if not actual) promotion of democracy and pluralism in the Middle East. Because Islamic groups, such as the Muslim Brotherhood, are currently the best organized opposition and, in some countries, the only organized opposition, given Arab reluctance to openly oppose associations that call themselves Islamic, free elections seem more likely than any other route to produce militant Islamic regimes that are, in fact, inherently anti-democratic. "The pressure for premature democratization," as Bernard Lewis has argued, can fatally weaken existing regimes, with all their flaws, "and lead to their overthrow, not by democratic opposition, but by other forces that then proceed to establish a more ferocious and determined dictatorship."

"Moreover, to most Islamists, and to many Arabs today, democracy translates as majority rule."

What the Clinton administration should say is that the establishment of avowedly "Islamic states" risks jeopardizing the principles espoused in the Universal Declaration of Human Rights and codified in the International Covenant on Civil and Political Rights. The ICCPR declaration is not a new form of cultural imperialism, as Islamists argue, but rather a code of values that constitutes the basis of decent and humane government and has been approved by 117 countries. The fact that leading Islamic militants felt obliged to meet in Paris in 1981 to draft an Islamic Declaration of Human Rights, which omitted all freedoms that contradicted *sharia*, should give any policymaker pause about what can be expected from the Islamic radicals, should they come to power.

Consider women. While Islamists speak of the need to honor women and prevent their degradation, the governments most Islamists are promoting would, in accordance with their interpretation of *sharia*, deny women work in many sectors of the economy and deny them equal rights and equal legal

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standing. In Iran, the government in the name of Islam restored polygamy and child marriage, which the shah had earlier outlawed. This is not simply a different, and hence morally acceptable, way of organizing society. Rather, the systematic denial of women's rights is like binding female children's feet in China—a barbaric practice impeding economic and social development that should be denounced by any self-confident American government. No one is recommending that the United States invade Sudan or Saudi Arabia to liberate women. But neither should the alternative be official American silence about such practices. While there will always be a difficult balance between realpolitik and idealistic values in foreign policy, American administrations should strive toward the latter.

The Bush administration should have said that America would promote elections tomorrow and civil society today—increased participation in public life by a growing number of individuals, groups and associations who genuinely crave liberal democracy—so that the concepts and traditions upon which democracy depends have time to take root, and so that countries that have known little else but one-party authoritarian rule will stand a better chance of developing truly democratic governments. It should have articulated openly the conundrum that is whispered about in the corridors of Foggy Bottom: that America's mindless, relentless promotion of elections immediately is likely for now to bring to power through the ballot box those who would extinguish democracy in the name of Allah. It should have stressed instead more modest goals: increased political participation in government and the need for a freer press and freer public debate in all countries in the region.

Any American policy is likely to be only marginal in affecting developments in the Middle East, given the enormity of economic and political problems facing most Arab governments (though this argument is rarely made when the Arab-Israeli conflict is discussed). But influencing events at the margin is better than not attempting to influence them at all. It is surely better than despairing and saying that nothing can or should be done about the trend toward fundamentalism. Ultimately, the triumph of militant Islam in the Middle East may say as much about the West as about the Arabs and the failure of their existing systems. Islamists, by and large, have come to power when no one is willing to oppose them at

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home and abroad. In any new world order, Americans should not be ashamed to say that they favor pluralism, tolerance and diversity, and that they reject the notion that God is on anyone's side.

Fighting Radical Islam With Words

THE CLINTON ADMINISTRATION has an opportunity to speak in direct terms about the prospects for democracy and Islamic government. It can say what is suggested by so many specialists but rarely articulated—that the United States supports as a matter of principle the separation of temporal from spiritual power in government. It should seize the moment not to draw a line in the sand, as Bush did, but to make a firm commitment to democratic, pluralistic values.

Washington, under President Bush, did not take this position. It never said that the West believes that Islam is a great religion, which produced an inspired culture from which the West learned much, but that in the 21st century in the Middle East, in nation states that are ethnically, tribally and religiously heterogeneous, an Islamic state as espoused by most of its proponents is simply incompatible with values and truths that Americans and most Westerners today hold to be self-evident. Perhaps an American government that defines its interests along narrow strategic lines—that is, along access to oil at a steady and acceptable price—cannot afford to say such things. Such statements would surely antagonize American allies such as Saudi Arabia, an avowedly Islamic state that denies basic human rights to half its population and all religious minorities but is dependably pro-Western, considerably less harsh and repressive than many of the states that surround it, and also America's major source of foreign oil.

While the American government cannot and perhaps, from a strict definition of national interest, should not say such things, there are individual Americans who can speak out. In the past decade, human rights activists have addressed many of these concerns. In the Arab world itself, human rights groups and activists are beginning to find their own voices, despite great risks and staunch government opposition.

Islamic militancy presents the West with a paradox. While liberals speak of the need for diversity with equality, Islamists see this as a sign of weakness. Liberalism tends not to teach its

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proponents to fight effectively. What is needed, rather, is almost a contradiction in terms: a liberal militancy, or a militant liberalism that is unapologetic and unabashed.

The administration can signal its commitment to these principles in many symbolic and practical ways. It can, for example, welcome at the State Department not the Turabis of the region, as the Bush administration did, but rather those who share a commitment to the dignity of individuals and their inherent right to speak out and disagree, such as the Sudanese scholar-in-exile in Washington, Mohammed Khalil, who practically wept when he learned that Turabi was being welcomed on Capitol Hill and at the State Department.

It should reject the assumption that seemed to underlie President Bush's policy toward Islamic forces—namely that such groups are destined to come to power in the region anyway, so the United States should have a dialogue with them now to avoid a repetition of what occurred in Iran in the future.

Washington can also say that the governments of Egypt, Jordan and Saudi Arabia are, for all their many, well-publicized failings, still more tolerant and less repressive than those that the Islamists would most probably establish in their stead. If Washington said this openly, those same governments might well be more receptive to American criticism of practices that Washington finds unacceptable—such as torture in Egypt and the repression of minorities and women in Saudi Arabia.

The Clinton administration should not seek to wage an American or Western secular war against the Islamists. But it should not be embarrassed to call attention to America's accomplishments, or afraid to discuss candidly the failings of an Islamic theocracy. Too often, American administrations, fearful of being accused of cultural imperialism, have remained silent about denials of basic human freedom in the Middle East.

It has been argued that America will not be strategically affected by the triumph of militant Islamic governments in the region. Given America's military might, Islamic governments would probably be reluctant to attack this country openly and directly. And Middle Eastern oil producers, no matter what their political orientation, will always need to sell oil.

But the proliferation of state-sponsored or assisted terrorist groups and of weapons of mass destruction in the region threatens the United States, as well as Israel, Egypt and other

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allies. The United States would be hard pressed, given American domestic politics and its long-standing commitment to Israel, to remain aloof from a conflict that endangered the Jewish state. Moreover, a nuclearized Iran might prove to be more than simply a strategic nuisance to the United States. Even without nuclear weapons, Tehran managed to affect an election in this country through its ruthless manipulation of U.S. hostages. Moreover, in the aftermath of the bombing of the World Trade Center in New York City, the United States must acknowledge now that Islamic fervor nurtured overseas is bound to come home.

Finally, even what might be little more than a nuisance for Americans would be a catastrophe for democrats and Western-minded Arabs in the region. How sad it would be for a world emerging from the shackles of communism and a debilitating Cold War to accept a new era of darkness and autocratic rule for the Arabs, who have enjoyed far too little freedom and security. ✍

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RUSSIA'S ROUGH ROAD TO CAPITALISM

Shafiqul Islam

Metamorphosis of an Old Debate?

THE CONTROVERSY OVER how to bring capitalism to Russia mirrors an argument of 100 years ago between revolutionary Marxists and agrarian socialists. In 1899, a revolutionary approach to destroying feudalism was staked out in Lenin's thundering prose. At the time, the issue was how to move from feudalism to capitalism, in order to then create a socialist economy. Now the contenders are self-professed capitalists, and the issue is how best to transform a communist economy into a capitalist one. The debate among these ardent latter-day Bolsheviks over how to proceed has increasingly assumed a reductionist form, cleaving the complexities of a capitalist transformation into the competing slogans of gradualism versus economic shock therapy, also called the big bang approach.

Non-economist advocates of these differing theories are often long on criticism of the opposing approach while short on specifics of their own. Shock therapists favor proceeding rapidly on all fronts to wrench a centralized economy into a capitalist mode, fearing that anything less will leave the old guard in command. Gradualists argue that a dismantling of the old system before enough of a new one is in place will lead to chaos and uncontrollable disruptions.

The current controversy began in the late 1980s with President Mikhail Gorbachev's perestroika and gathered steam with his rejection of the "500-day Plan" for instant capitalism in the Soviet Union and the initiation of rapid economic transformation in Poland. Since then debate has intensified, with stronger calls for gradualism in the wake of Russian President Boris Yeltsin's year-old program of bold capitalist

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Shafiqul Islam is Senior Fellow for International Economics and Finance at the Council on Foreign Relations, and co-editor with Michael Mandelbaum of the recently released book *Making Markets: Economic Transformation in Eastern Europe and the Post-Soviet States.*

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reform and an accompanying plunge into an economy with sinking output, runaway inflation and a shrinking ruble.

In 1992 Russia's gross national product and industrial production fell about 20 percent. Retail prices rose twentyfold, with inflation reaching 30 percent in January 1993 alone. The ruble collapsed from the pre-reform market rate of 60 rubles to the dollar to nearly 600 at last reckoning. Furthermore the budget deficit continues to widen. The supply of money and credit is out of control and massive capital flight exacerbates the shortage of foreign exchange.

Some American Sovietologists are convinced that President Yeltsin's radical reform program has failed. But it is worth remembering that the Russian government inherited an economy that was already in deep crisis. By the end of 1991, Russia's gross domestic product had dropped 13 percent, industrial production had fallen 15 percent, retail prices had risen 90 percent, inflation had reached a monthly rate of 13 percent in December, and the budget deficit exceeded 30 percent of the gross domestic product. With these initial macroeconomic imbalances, any transition strategy would have failed to produce quick results. The collapse of trade with the Eastern bloc countries, the pressure to service the bulging foreign debt, and the production plunge in oil and gas only compounded Russia's economic troubles.

The transition to democracy and capitalism was further complicated by a collapse of inter-republic trade and monetary arrangements, Russia's assumption of the Soviet Union's international obligations, and the growing assertion of independence by autonomous republics within the Russian Federation.

Some apparent failures were actually successes. Much of the decline in industrial production was a necessary downsizing of Russia's inflated industrial sector. For example, in 1988 the Soviet Union produced fifteen times more steel per dollar of gross domestic output than the United States. The deindustrialization of Russia attempts to cut back the military-industrial complex, which was producing intermediate and capital goods no one wanted and weapons for which demand was shrinking.

Real failures resulted less from faulty policy than from political obstacles. Former acting Prime Minister Yegor Gaidar was unable to sustain the decline in inflation after August 1992 because the communist-dominated parliament reversed the policy of the Russian central bank. Initially, the Gaidar gov-

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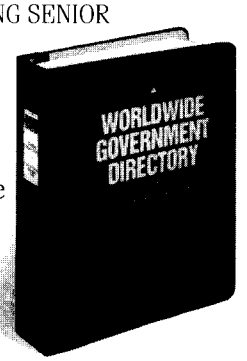

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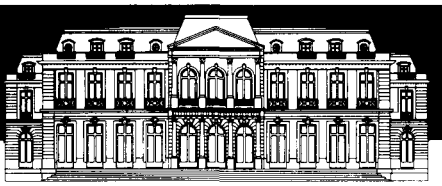

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ernment convinced the central bank to hold down money and credit growth. Thus the monthly inflation rate declined from 245 percent in January 1992, when most prices were freed and others were raised, to 9 percent in August. As credit dried up, and the check-clearing and financial payments systems broke down, leading to an explosion of inter-enterprise arrears, the industrial lobby and the parliament pressured Yeltsin into replacing the head of the central bank with Viktor Gerashchenko. He immediately flooded the economy with credit, bringing Russia to the brink of hyperinflation and sending the ruble on a free fall.

In December 1992, Yeltsin also replaced Gaidar with energy czar Viktor Chernomyrdin as prime minister. This was viewed as a victory of the hardline communists and the Civic Union—a coalition of the industrial lobby of enterprise managers led by Arkadii Volsky, conservative forces in the military-industrial complex led by Vice President Aleksandr Rutskoi, and supporters of a closer post-Soviet confederation led by Nikolai Travkin. However, the Gaidar cabinet remained largely intact, and Yeltsin appointed Boris Federov—another radical reformer even less compromising than Gaidar—as his new chief economic adviser.

Getting to Capitalism

THE DEBATE BETWEEN advocates of shock therapy and gradualism, within Russia and also in the West, is obscuring the fact that most Western economists agree on the four interlocking wheels of an overall transition strategy.

Stabilization: Tight budget and monetary policies are needed to curb inflation and reduce the external trade and payments deficits to sustainable levels. Incomes policies, such as a tax on enterprises granting high wages, should bolster stabilization measures.

Liberalization: Prices must be freed up, interest rates decontrolled and currency realistically devalued, made convertible, and then protected by peg or float mechanisms from overly large swings in the exchange rate. Concurrently, labor markets should be liberalized and barriers lowered on cross-border movements of goods, services, capital and technology.

Privatization: A private sector of new businesses must be created while existing state enterprises are converted into joint-stock companies with independent boards of directors, ulti-

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mately to be privatized in restructured form or liquidated if uncompetitive. Critical to the privatization program is the existence of laws protecting property rights of land, housing and business.

Institutionalization: A market-based economy requires a wide-ranging set of measures including reform of the constitution, the legal system, political bodies, the fiscal administration and the banking system. Also needed are appropriate accounting and regulatory procedures, capital and equity markets, social insurance and other safety nets.

Economists largely agree that ample foreign assistance is initially needed to maintain momentum of the transition to capitalism. High priorities are balance-of-payments loans for importing critical raw materials and industrial inputs, a currency stabilization fund, debt relief and technical assistance. Other key areas for initial foreign assistance include building physical and institutional infrastructure and providing on occasion food, clothing and medicine. Economists also agree that the birth pangs of capitalism must be alleviated with a social safety net for pensioners, as well as compensation, retraining and relocation for the unemployed.

Social, political and historical factors are unavoidable constraints to the transition strategy mix. So are the initial economic conditions such as the extent of macroeconomic imbalance, allocative controls and price distortions. Another difficulty is the massive redistribution of wealth, with the majority losing their savings to inflation and pensioners seeing their living standards fall below subsistence levels. Meanwhile, a growing minority, largely the younger generation, is working harder and doing better, while some entrenched apparatchiks are getting rich quickly and corruptly. A further source of social distress is the growing fear of unemployment, fueled by the Civic Union industrialists. Workers know that today's subsidized employment rate of 98 percent cannot last.

The reductionist debate, implying a simplistic choice between shock and gradualism, hides the necessary sequencing and speed of the components of an overall policy package. A key problem is that some policies inherently take longer to implement than others. The resulting mismatches of speed cause perverse policy responses, raise the costs of reforms and undermine the credibility of reformers. The central problem confronting Russia's reformers is that they are trying to bring democracy and capitalism to a country with an outdated con-

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stitution, governed by an enduring cast of autocrats and communists. In Poland, Hungary and Czechoslovakia, popular movements led by former dissidents overthrew the communists from the center of power. But no such revolution took place in Russia, where the Supreme Soviet (the standing parliament) and the Congress of People's Deputies are still infested with old communist party bosses who continue to fight to preserve their vested interests in the old order. The superpower Cold War has ended, but a new political Cold War has begun within Russia between a presidency dominated by capitalist reformers and a parliament dominated by communist reactionaries. Meaningful reform may not be possible without a new constitution and the replacement of this rump parliament with a democratically elected one. Meanwhile, mounting public disillusionment underscores the importance of the reformers taking their message directly to the people. To date, the Yeltsin government has done too little on this score; instead it has relied on the age-old tradition of waging a battle within the ranks of the ruling elite.

Fighting Hyperinflation Now

WITH RUSSIA on the brink of hyperinflation, the overarching policy challenge facing Federov and his economic team is to redesign the transition strategy first to contain inflation, and then to jump-start a recovery. The challenge is compounded by the need to keep the reform process going and the pace of marketization from slowing. Although difficult, the four components of a transition strategy can be tailored to meet the specific economic, social and political conditions prevailing in Russia.

Stopping hyperinflation is the top priority because a market economy cannot be built on major swings in relative prices, obscuring their signaling role. Price swings result in massive redistribution of income and wealth, causing great social tension. High inflation also leads to a downward spiral of currency depreciation, creating a vicious cycle. Furthermore, an environment of uncertainty erodes business confidence, discouraging new investment and encouraging capital flight. Like cancer, hyperinflation becomes more difficult to cure if allowed to grow.

An early halt to hyperflation requires curbing the combined budget deficit of central and local governments and establish-

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ing firm control over money and credit growth. The pursuit of fiscal soundness must take into account the continued withering away of the tax base. Profit-starved state-owned enterprises cannot pay, new profitable private enterprises escape paying, and the collection of taxes and duties declines with shrinking international trade. Local governments are also not transferring to Moscow much of their tax collections.

"The heads of central banks in Germany, Japan and the United States should go to Moscow and stress the importance of stabilizing prices—not production."

But the key problem is on the expenditure side. Central government subsidies to enterprises, regions, and the Central Bank, and credit to other republics have ballooned to massive proportions. The government should hold down the growth of subsidies to enterprises in the short run, improve tax collection and rely on foreign aid to finance most of the remaining deficit. The long-term task is to replace the previous fiscal structure with an internal revenue system built on the principles of fiscal federalism. Direct budget subsidies to failing state-owned enterprises should replace central bank credit. State-owned banks should be recapitalized by replacing their bad loans to enterprises with government securities. The government can eliminate these bad debts gradually as the debtor enterprises are privatized, restructured or liquidated. A modern settlement and payments system, capable of handling economic, financial and commercial transactions of a large market economy, should also replace Russia's antiquated and strained structure.

If the parliament and the industrial lobby continue to use the central bank as a floodgate for inflationary credit, an effective countervailing pressure might be encouraged by the central banks of the United States, Germany and Japan. The heads of these central banks could come to Moscow and underscore the critical importance of Russia's central bank stabilizing prices—not production. They can cite with authority the disastrous inflation that plagued Germany and Japan when they were building capitalist economies. These Western central bankers could establish an advisory committee to spend the next six months in the Russian central bank assisting decision-

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making on monetary, credit and exchange-rate policy and stiffening resistance to any political clamor for subsidized credit.

Putting priority on developing a new private sector over privatization of existing large state enterprises is the second task. A new private sector in services, construction and manufacturing of consumer goods is already developing. The process is being driven by new start-ups, as well as privatization of small enterprises. For example, by September 1992, about 130,000 family farms had been established. By year's end, 18,800 shops and stores, 4,500 cafes and restaurants, and 11,000 other consumer services enterprises had been privatized. In fact, a quarter of Russia's gross domestic product may already be produced by the private sector. The government should promote rapid expansion of this sector by offering concessionary loans, cutting red tape, clarifying property rights and offering needed technical assistance. As this process of greenfield privatization—developing entirely new private business—gathers momentum, it can create new sources of economic growth and new jobs, offsetting falling income and unemployment resulting from privatization and restructuring of large state enterprises. A growing new private sector can also accelerate piece-by-piece privatization of large state enterprises by attracting talented managers and workers and by buying up assets with profit potential. The Polish economic recovery is being driven by the spectacular growth of a new private sector as privatization of large state-owned enterprises proceeds at snail's pace. While Poland had a substantial private economy even before radical reforms were launched in January 1990, Russia's "kiosk boom" and evidence of growing entrepreneurial activities demonstrate that with appropriate incentives and institutions Russians can catch up fast.

Under the leadership of Deputy Prime Minister Anatoly Chubais, privatization of smaller state enterprises has proceeded faster than expected. The government has now launched a program of mass privatization of medium- to large-size state enterprises, which will be mostly financed by vouchers that Russia's 147 million people have already received. The goal is to privatize 6,500 large enterprises by the end of this year. This is essentially a political agenda for making the capitalist transition irreversible, as it would demolish the state sector to prevent a great leap backward to a semi-command economy.

However, privatization of medium-to-large enterprises is being carried out while control and ownership remains largely

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in the hands of the managers and workers. In effect, the industrial lobby is getting what it wanted. Many of the enterprises are unprofitable or insolvent at market prices. The risk is that either the managers will force the government to keep them alive by obtaining subsidies and bank credit, or they will close down precipitously, creating a rapid rise in unemployment. Thus, either the state enterprises will be private only in name, or privatization will cause enough social upheaval to threaten the political sustainability of reforms. Here, a gradual approach may have more merit, especially if preceded by massive efforts to create a new private sector and industrial restructuring.

Even as the battle against inflation goes on, restructuring and recapitalization of a few key sectors can help the task of macroeconomic stabilization. They can slow down the free fall of demand and output, help create foundations for future growth, and put in place some building blocks for modernizing the economy. The sectors with the biggest payoff are energy, telecommunications, agro-industry and those factories within the military-industrial complex that can be easily and profitably converted to producing nonmilitary goods. Taking a lesson from the postwar Japanese strategy, a Russian development bank should carry out this task, as well as promoting the new private sector. An advisory committee consisting of Western business people and experts from the World Bank, the European Bank for Reconstruction and Development (EBRD), and the International Finance Corporation could assist the bank's management, guide the selection of projects, and evaluate the terms and conditions of loans.

"With the $24 billion Western aid package effectively dead, Russia's reformers need a renewed commitment from the West."

With the $24 billion Western aid package announced in April 1992 effectively dead, Russia's reformers need a renewed commitment from the West. The Tokyo conference on assistance to the former Soviet Union, held in October 1992, suggested World Bank-led consultive groups as the primary mechanism for international action. But that is not enough. The Western response must be spearheaded by President Clinton's

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personal commitment. The president should coordinate assistance to Russia through a committee of key finance officials from the seven major industrialized democracies (the G-7). The committee, headed by a chairman with high international stature and assisted by on-the-ground technical teams, should concentrate on four areas—stabilization, privatization, industrial restructuring, and a social safety net. The International Monetary Fund (IMF), the World Bank and the EBRD should regularly communicate with this coordinating committee. Within this institutional framework, the G-7 could announce a three-year package of conditional and targeted assistance. The money could be provided by the multilateral agencies, the G-7 and others such as the European Community, South Korea and Saudi Arabia.

Grants of at least $3 billion to $4 billion per year could finance the operation of a social fund. The U.S. share could be about half a billion dollars. With this money, the West might partly offset the Russian disappointment with its earlier role, send a direct message to the Russian people that it is possible to have capitalism with a human face, strengthen the hands of the reformers and defang their opponents in the Supreme Soviet and the Civic Union. The bolder the stabilization measures and the faster the privatization program, the greater will be the need for resources to finance a carefully targeted and politically visible social fund.

Loans from the G-7 governments, the EBRD, and the International Finance Corporation of about $1 billion to $2 billion per year could be used to establish an enterprise fund for making small loans and financing technical assistance to new private businesses.

A Russian development bank could be established with equity provided by the Russian government and the EBRD. Long-term loans of $7 billion to $8 billion per year for industrial restructuring should be jointly provided by the World Bank, the EBRD and export credit agencies.

As a resource-rich country suffering from a temporary shortage of foreign exchange, Russia needs temporary liquidity relief, not permanent debt forgiveness. A three-year moratorium on its $65 billion of foreign debt accumulated by the end of 1991 can ease Russia's foreign exchange shortage, but more critically it may help its macroeconomic stabilization program by substantially reducing the budget deficit. The moratorium can also give the stabilization program a political push by link-

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ing each year's rescheduling of interest and principal payments to the previous year's compliance with IMF performance targets.

The IMF should provide a balance-of-payments loan of about $2 billion to $3 billion in 1993 to finance critical imports and further ease the fiscal crisis. Once political obstacles to monetary responsibility are removed, or at least neutralized, and the government can put together a credible stabilization program, the IMF can provide the already pledged $6 billion for a ruble stabilization fund to inject additional confidence in the program's viability. The total package would cost about $20 billion per year. Since the social fund is the only component with direct budgetary outlay for donor governments, the tab to the U.S. taxpayer would be $1.5 billion over a three-year period. Lastly, the West must further open its markets to Russia.

No amount of money and leadership from the West can promote democracy and capitalism in Russia if the apparatchiks win the political battle and derail the reform process. But the West can help the reformers in this battle by offering moral and financial assistance in a politically intelligent and visible way. Most Russians feel they are going from the zoo to the jungle. Yet they—especially the younger generation—still look to America with warmth and awe. History may not be so kind if, after selling democracy and capitalism for decades, the West pulls away just when Russia struggles to embrace them. ✍

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RUSSIA'S WORK ETHIC

Kyril Tidmarsh

Have They Forgotten How to Work?

OPTIMISTS LOOK to the market and democratic pluralism as the motors for driving Russia, the great outsider, back into the fold of "normal" economic and political development. Seeking aid and investment from the West, President Boris Yeltsin and his economists point to Russia's vast natural resources as collateral for loans and capital. Little is said, however, of another critical factor: the Russian labor force. While the technology can be imported, the essential human element cannot.

In city and country alike workers exhibit a long-suffering passivity and what the labor newspaper *Trud* called "a psychology of permanent dependence." With little pride in their inadequately remunerated work, and for years aware that they were anything but masters of their own proletarian country, the resignation of Russia's workers leaves them ill-prepared for the rough-and-tumble free market. Russian Prime Minister Viktor Chernomyrdin said at this year's World Economic Forum in Davos, Switzerland, "Without discipline and hard work we will achieve nothing. We cannot live as they live in the West and work as we work in Russia." For three generations a negative selection process systematically weeded out workers of the greatest drive, know-how and resilience, giving rise to a pervasive, cowed apathy and scheming work ethic, with the liveliest initiatives directed at seeking maximum personal gain with a minimum expenditure of effort.

Soviet communism has left a demoralized and dissatisfied Russian work force. What use will the world's poorest white workers make of new economic opportunities? Will they take advantage of novel freedoms and credits to hoist their country again to the respectable growth rates and vigor that it knew at

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Kyril Tidmarsh was editorial writer and Moscow correspondent of *The Times* of London, and subsequently an officer of the International Labor Office in Geneva.

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the beginning of the century? Or will the Russian worker remain unproductive and unenterprising even in a democratic environment?

Collectivist Roots

EVEN BEFORE the 1917 Bolshevik takeover Russia's rural and urban working classes were conditioned by a traditional collectivist mentality. Individual effort and achievement tended to be regarded with suspicion. The peasant mentality was molded by the "mir," or commune, whose ponderous collective decision-making and parcelling out of land and jobs tended to induce mediocrity. That communal tradition—of "being like everyone else"—would later be revived by Stalin.

Migrating peasants within tsarist Russia transported those same group habits to the urban setting. There workers would form "artels," or cooperatives, sharing accommodations and tools to meet deadlines often set as part of some crash program. The artel did not inspire development of a settled class of craftsmen. Rather it was an ad hoc arrangement to survive along familiar lines in an unfamiliar setting.

Bought and sold like chattels until just two generations before the revolution, suffocated by the local-level commune and subjugated by Moscow's imperial autocracy, the Russian *moujik* was treated as a commodity, plagued, in the words of a nineteenth-century Russian historian, by "a curse of laziness."

It was only near the end of the nineteenth century, barely fifty years after the abolition of serfdom, that Russian agriculture began to change. By the eve of World War I half of peasant households held their own land under hereditary private tenure, and a Western form of individual ownership had slowly insinuated itself within the traditional system of communal tilling and joint village responsibility. Across central Russia and into the endless expanses of underpopulated Siberia, a new class of farmer had begun to coalesce, displaying a level of productivity that made Russia the world's largest grain supplier. A network of railways connected a number of major urban centers containing a new class of industrial worker.

But World War I and the Bolshevik seizure put an abrupt end to any progress made by Russia along a Western path of development. Almost immediately the Bolshevik regime launched a systematic attack on the independent peasant

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farmer. The policy was principally motivated by apprehension—to preempt the relatively new class of independent and prosperous peasants from resisting accelerated industrialization at the expense of the farm sector.

Apart from the short respite provided by Lenin's so-called New Economic Policy from 1924–28, the entire Soviet period represented a return to collectivist roots and a consistent attack on the principle of intensive small-scale farming. In place of individual tilling collectivized peasants were reduced to executing orders from above. Surplus labor was syphoned off to cities, as well as to forced labor camps. For many years rural emigration provided what was considered an inexhaustible supply of cheap labor for factories. From 1951–79 an average of 1.7 million persons per year were uprooted from the countryside.

The collectivization process, begun ruthlessly in 1928, had the effect of eliminating the most competent part of the farm community. Stripped of what was considered by the Communist Party to be a potentially obstreperous class, the countryside was left with the weaker brethren. The peasant was again tied to a feudal master in the form of the *kolkhoz*, whose "elected" chairman was in fact a party nominee. Systematically decimated and mismanaged, the countryside and its captive inhabitants underwent unprecedented degradation. The well-rounded and competent owner-farmer was replaced by a narrowly specialized *kolkhoz* worker tied to a particular sector of farm work.

The impact of the Soviet regime on the industrial working class, in whose name the Bolsheviks created the "dictatorship of the proletariat," was no less destructive. In the years following the revolution what remained of Russia's skilled and unionized European-style working class was swamped by a massive influx of peasantry, toting a traditional communalist and conformist mentality. By 1928 the total number of workers in industry had increased fivefold, and sufficient housing and social services could not be provided for the new arrivals. Flimsy temporary housing became permanent, a situation that persists to the present day.

This radical process of urbanization and collectivization contributed to the destruction of traditional working-class attitudes. Entire nations were moved from one end of the Soviet Union to the other, frequently finding themselves in a hostile ethnic setting with racial tensions simmering barely below the

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surface, a situation hardly conducive to productive teamwork.

The Soviet working class was also atomized by the party's systematic efforts to destroy all horizontal links among professional and other groups. The concept of a nongovernmental organization independent of the Communist Party—let alone an independent trade union—simply ceased to exist until recent times. Social cohesion was further undermined by the fact that social benefits were increasingly provided by enterprises for their own employees, rather than by government for society as a whole. The Communist Party, the armed services and the great ministerial institutions tended to look after their own to the exclusion of outsiders. Like those institutions, individuals were also in competition for limited facilities and resources. Workers came to look out for number one, shirking any nobler goal or national motivation. All this, of course, ran exactly contrary to espoused party ideology.

Brave New Incentives

FROM THE START Lenin emphasized compulsory work and quantity output rather than quality, telling an American visitor, "I will force a sufficient number of people to work fast enough to produce what Russia needs." For decades to come the Soviet population would be conditioned to depersonalized work—a rupture of professional traditions—and to distrust government policies. Not only were individual efforts virtually unrewarded but any display of initiative could be dangerous. Forced labor camps nurtured a universal revulsion for work among prisoners and guards alike. This "Gulag complex" eventually spilled over to grip the entire country.

As the "workers' paradise" evolved into the dictatorship of Stalin and his heirs a shameful social contract took shape: the worker suffered a low standard of living but in return gained the right to have sloppy work accepted. According to *Sovetskaya Rossiya*, for instance, four out of every hundred kilograms of butter produced was substandard; one in every three television sets had to be returned to its Leningrad factory. Constant invocation to greater effort, bogus "socialist competition" campaigns and policies aimed at leveling incomes gave rise to a culture of slack and sloppy workmanship. Despite party propaganda touting the superiority of everything Soviet, the shoddiness of Soviet goods became legendary, even within the country itself. The August 1991 putsch against Mikhail Gorbachev

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failed, according to a quip, because it was "made in the U.S.S.R."

Probably no factor was more destructive of working-class professionalism than the leveling of wages and the narrowing of differentials, regardless of skill and output. The number of pay grades was cut after the Second World War, and in Nikita Khrushchev's time the difference between the highest and lowest paid fell to 1.5 times from 3.5 previously. One effect was the appearance of labor shortages in the most demanding sectors. If qualifications and output were not appropriately reflected in the pay packet, why aspire to jobs demanding greater skill or application?

"Probably no factor was more destructive of working-class professionalism than the leveling of wages."

In 1988, for example, there were only 60 operators for every 100 available lathes. Many of the millions of job slots that remained vacant tended to be filled by unproductive personnel—generally linked to management—such as propagandists, chauffeurs and secretaries. This category of freeloaders, who came to be known as "snowdrops," nonetheless took up a vital share of limited welfare, housing and social services.

Particularly undesirable "dirty" jobs eventually had to be remunerated with inappropriately high pay, giving rise to what sociologist Natalia Rimashevskaya called the "inversion" phenomenon in Soviet wage policy. Low-skilled workers thus became higher paid while the high-skilled saw their pay decline. "Wages," she wrote, "gradually lost their role of being a material incentive."

A fast-growing class of workers, commonly known as "bich" (taken from the Russian for "formerly educated person") abandon their underpaid, dead-end niches for highly paid manual labor, often in less developed parts of the country. By 1991 they numbered some six million persons.

Unable to improve their situation through regular jobs, others turned to moonlighting in repair, maintenance and services, forming a large shadow economy. In the countryside the best efforts of collective and state farms, and much pilfered inputs and equipment, were directed toward private gain. It is a widely quoted fact that private peasant plots, constituting barely three percent of land, made up for the inefficiency of

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the farm sector proper. These plots, for example, in the 1980s produced more than half the country's potatoes.

Such trends led to a markedly differentiated society. A 1989 survey found that 86.5 percent of families were "poor," 11 percent fell into the middle income category and 3.3 percent were described as "rich." Awareness of the gulf separating the gray working-class majority and dismally underpaid professionals from the small elite of worker-technicians and privileged nomenklatura generated resentment.

Industrial wage-fixing also contained a built-in productivity disincentive. Every operation had a quantitative labor "norm" that workers had to fulfill for basic pay. Productivity above the norm was sometimes rewarded. It was well known, however, that dramatic or continuous norm-beating would lead to an upward revision of the work goal. For decades, therefore, the system encouraged workers to produce below potential.

An abundance of cheap and, for many years, forced labor led to a preference for all kinds of labor-intensive methods—hence the spectacle of automated production lines terminating with teams of old women manually removing the end product. In a jobs-for-all society it was advantageous and indeed necessary to use this vast pool of workers rather than to invest in machinery. The effect, however, was to strengthen the feeling on both sides of industry that the worker was a common and expendable commodity.

Tolerance, even to the present day, of various forms of compulsory labor underscored the low value placed on the worker. Although the Gulags have been closed, there were recently almost a million people in corrective labor institutions, with *Izvestia* noting that the "entire corrective labor system is used to turn a profit." Even today the language of these prison workers is little different from that developed by Gulag laborers, a vocabulary filled with an untranslatable stable of verbs describing various forms of work-shirking (*mantulit*, *kantovatsia*, *temnit*).

Much use is also made of military conscript manpower, particularly in civil construction projects. In 1990 some 20 ministries contracted the armed forces to provide 540,000 workers, estimated to cost one-twentieth of civilian labor. Barely paid or trained, the stroibat laborer's lack of motivation is proverbial and, by the time he is demobilized, on-the-job training in malingering has taken its toll.

In the cities there is also the large category known as "lim-

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itchiks." With urban residence permits (*propiska*) severely restricted, those falling over the limit are granted conditional authorization to work. They have no residence rights, other than in the lodging provided by their employer. Since such permits are not transferable, limitchiks are tied to that enterprise. For the first ten years they are denied the right even to sign on to waiting lists for individual housing—or to start a family. These workers rightly consider themselves exploited and for that reason display little motivation. Such unjust degradation of workers has contributed to the demoralization of wide swaths of the labor force.

A labor policy depending on low-wage, low-productivity employment also tends to require low skills and low education. It is, however, one of the inexplicable paradoxes of the Soviet system that the educational and vocational training systems churned out large numbers of skilled workers. This absurd mismatch made those skills virtually superfluous, as large numbers were employed in occupations well below their professional and trade capabilities. The phenomenon is particularly striking in the medical and health fields, where training costs are especially high. It was estimated in 1990 that more than half of unskilled jobs were filled by workers with more than the obligatory primary schooling.

Ensuing job dissatisfaction led to various forms of escapism. Many workers simply fled their jobs, seeking better outlets for their abilities. Workers tended to move restlessly from job to job, producing high labor fluidity, which reached frightening proportions in the Brezhnev years. Even under Gorbachev, in 1988, for example, 20 percent of the working population changed jobs. Others drifted into the criminal underworld. Some simply became vagrants.

Belief in Quick-Fixes

THE LONG-SUFFERING PASSIVITY caused by such labor practices may explain the remarkable restraint of labor protest in Russia. The few strikes since Stalin's death tended to take the form of spontaneous explosions against extreme injustice rather than organized movements aimed to improve labor conditions. The 1989 Kuzbass miners strike followed six months of patient waiting while demands were examined at no fewer than seven official levels. In Krasnoyarsk the same year the miners' committee actually

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dispatched a telegram to the minister of mines stating that even the most severe disputes should not be resolved by strikes. Orderliness was one of the most significant features of the massive industrial action that finally did take place. The strikes were silenced by government promises but so far, despite worsening conditions, there has been no work stoppages on the same scale.

A general deterioration of public health, years of privation and environmental pollution may also contribute to worker lethargy. Upon retirement at age 55 an average miner's life expectancy in 1990 was barely five more years. The recent anti-alcohol campaign claimed that there were over 50 million alcoholics in the Soviet Union; every fifth woman of childbearing age undergoes an abortion annually.

Disillusionment and distrust of government policies is strengthened by revelations that many grandiose Soviet claims had been little but deception. Propaganda about miraculous worker achievements promoted a vision of eventual communist utopia. In 1935 one worker was supposed to have turned out 102 tons of coal in a single six-hour shift—seven times the norm—thus demonstrating the party could inspire almost superhuman feats. Glasnost has since revealed such claims as total fraud.

This mythology contributed to a deeply ingrained belief in quick-fix solutions. Such misplaced faith is now reinforced daily in the media by tales of the apparently effortless production of material goods under capitalism. The working class is heartened to expect affluence at once. Encouraged by Western politicians and bankers, people now harbor the illusion that within a few hundred days or some other tangible time span, given help from Washington or Brussels, they can acquire what the democracies took centuries to achieve.

The Specter of Privatization

RELAXING ECONOMIC controls has not yet produced a commercial gold rush but an extremely slow start-up of those small- and medium-sized enterprises that had been expected to boom. Liberalization has led to much buying and selling of state property but no significant growth in the artisan activity that could create self-employment for workers with initiative.

The same can be seen in agriculture. In suburban areas

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weekend farming has increased, concentrating mainly on marketable vegetables and meats such as poultry and pork. Proper agricultural workers, however, remain wary. Few farmers are able to remember the days before collectives. But many well recall the confiscatory currency reform, compulsory state loans and arbitrary adjustments to the size of private plots. Perhaps most painful was Khrushchev's sudden ban on private cattle. It was a traumatic experience when the family cow, usually the most cherished possession in millions of households, had to be handed over to the *kolkhoz*.

"The reluctance of farm workers to acquire land has led to calls for forcible privatization."

This background explains why the recent schemes for land leasing have been met with profound distrust. Even today, legislators' reluctance to adopt guaranteed, nonreversible decollectivization reinforces prevailing suspicions and unwillingness to invest more effort in the land. Rural workers are too accustomed to orders from above, fixed holidays and miserable social benefits in order to risk going it alone, except on micro-plots.

The reluctance of farm workers to acquire land for themselves has given rise among reformers not only to exasperation but also, ironically, to calls for forcible privatization. Thus if the former owner-farmer no longer exists and if the collective farm worker is afraid to take responsibility, then the solution should be simply to privatize by the well-tried method of compulsion. This is the same instant-solution mentality that gave rise to the past's painful and catastrophic social engineering. That it can still be enunciated today points to the profound impact of the Soviet experience and of ideological cramming.

The latest Russian revolution was by no means a clean break. The Soviet regime was not destroyed; it just ground to a halt. The key people of the ancien régime simply changed hats, leaving in place the familiar framework of labor-management relations. It is not easy for these people to grasp that the market mechanism does not function by the planners' fiat and that new methods of consultation and remuneration are needed to motivate an inert labor force.

Even though central Moscow and St. Petersburg have come to resemble vast bazaars, it is difficult to think of a country less culturally prepared for individual enterprise. According to

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academician Leonid Abalkin, one of Gorbachev's early economic advisers, the seeds of private enterprise in Russia are being sown in hopelessly infertile human soil. In his view the country has spent too long "moving backwards," struggling against excellence in all domains. What was missing, he argued, was "the culture, the attitude to work and human relations—which take generations to nurture."

Individuals in the West believe they can improve their situation through greater effort and skill. The Russian reflex, on the other hand, is to pull back the successful to achieve some kind of equality in poverty. A survey of workers' attitudes in 120 industrial establishments found that over half the respondents believed that material improvement would not come due to any change in their own motivation but rather as the result of some administrative action taken by the state.

Learning to Work

IN MANY RESPECTS perestroika can be compared to Western Europe's Reformation. The medieval church and the Communist Party both gave ethical meaning to immobile societies. Both saw capitalism as destructive of a natural order where everyone knew his place. Both failed.

The difference is that the church had to make way for an ethic of thrift and personal advancement that reflected the realities of an expanding commercial society. The Reformation took place in a society in which individualism was already the prevailing philosophy. In contemporary Russia, on the other hand, the old regime collapsed of its own accord, unable to compete with the outside world. It did not, unfortunately, succumb to pressure from upwardly mobile workers or an ambitious middle class.

Consolidation of a "civil society"—rule of law, privatization, an effective banking and credit system, progressive taxation—will be able to revive a productive work ethic and harness Russian talent. It can confidently be expected that political stability, significant Western investment and a well-managed transfer of technology will quickly do wonders for Russia's rusting smokestack industries, dangerous nuclear power stations and polluted environment.

But institutional change alone will not suffice to extricate millions of Russian workers from the mind-set created by many years of subordination to communalist and command

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systems. That will take time. Painfully, Russian society will have to accommodate a commercial and consumption culture for which it is ill prepared. Real paychecks and social justice will certainly transform the scene, but they will not speedily improve a work ethic based on the principle that "they pretend to pay us, we pretend to work." Revival of a healthy, skilled and motivated work force will require prolonged exposure to an enterprise culture in which pay and position are tied directly to effort and the quality of work. ✍

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THE RISE OF THE REGION STATE

Kenichi Ohmae

The Nation State Is Dysfunctional

THE NATION STATE has become an unnatural, even dysfunctional, unit for organizing human activity and managing economic endeavor in a borderless world. It represents no genuine, shared community of economic interests; it defines no meaningful flows of economic activity. In fact, it overlooks the true linkages and synergies that exist among often disparate populations by combining important measures of human activity at the wrong level of analysis.

For example, to think of Italy as a single economic entity ignores the reality of an industrial north and a rural south, each vastly different in its ability to contribute and in its need to receive. Treating Italy as a single economic unit forces one—as a private sector manager or a public sector official—to operate on the basis of false, implausible and nonexistent averages. Italy is a country with great disparities in industry and income across regions.

On the global economic map the lines that now matter are those defining what may be called "region states." The boundaries of the region state are not imposed by political fiat. They are drawn by the deft but invisible hand of the global market for goods and services. They follow, rather than precede, real flows of human activity, creating nothing new but ratifying existing patterns manifest in countless individual decisions. They represent no threat to the political borders of any nation, and they have no call on any taxpayer's money to finance military forces to defend such borders.

Region states are natural economic zones. They may or may not fall within the geographic limits of a particular

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nation—whether they do is an accident of history. Sometimes these distinct economic units are formed by parts of states, such as those in northern Italy, Wales, Catalonia, Alsace-Lorraine or Baden-Württemberg. At other times they may be formed by economic patterns that overlap existing national boundaries, such as those between San Diego and Tijuana, Hong Kong and southern China, or the "growth triangle" of Singapore and its neighboring Indonesian islands. In today's borderless world these are natural economic zones and what matters is that each possesses, in one or another combination, the key ingredients for successful participation in the global economy.

Look, for example, at what is happening in Southeast Asia. The Hong Kong economy has gradually extended its influence throughout the Pearl River Delta. The radiating effect of these linkages has made Hong Kong, where GNP per capita is $12,000, the driving force of economic life in Shenzhen, boosting the per capita GNP of that city's residents to $5,695, as compared to $317 for China as a whole. These links extend to Zhuhai, Amoy and Guangzhou as well. By the year 2000 this cross-border region state will have raised the living standard of more than 11 million people over the $5,000 level. Meanwhile, Guangdong province, with a population of more than 65 million and its capital at Hong Kong, will emerge as a newly industrialized economy in its own right, even though China's per capita GNP may still hover at about $1,000. Unlike in Eastern Europe, where nations try to convert entire socialist economies over to the market, the Asian model is first to convert limited economic zones—the region states—into free enterprise havens. So far the results have been reassuring.

These developments and others like them are coming just in time for Asia. As Europe perfects its single market and as the United States, Canada and Mexico begin to explore the benefits of the North American Free Trade Agreement (NAFTA), the combined economies of Asia and Japan lag behind those of the other parts of the globe's economic triad by about $2 trillion—roughly the aggregate size of some 20 additional region states. In other words, for Asia to keep pace existing regions must continue to grow at current rates throughout the next decade, giving birth to 20 additional Singapores.

Many of these new region states are already beginning to emerge. China has expanded to 14 other areas—many of them inland—the special economic zones that have worked so

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well for Shenzhen and Shanghai. One such project at Yunnan will become a cross-border economic zone encompassing parts of Laos and Vietnam. In Vietnam itself Ho Chi Minh City (Saigon) has launched a similar "sepzone" to attract foreign capital. Inspired in part by Singapore's "growth triangle," the governments of Indonesia, Malaysia and Thailand in 1992 unveiled a larger triangle across the Strait of Malacca to link Medan, Penang and Phuket. These developments are not, of course, limited to the developing economies in Asia. In economic terms the United States has never been a single nation. It is a collection of region states: northern and southern California, the "power corridor" along the East Coast between Boston and Washington, the Northeast, the Midwest, the Sun Belt, and so on.

What Makes a Region State

THE PRIMARY linkages of region states tend to be with the global economy and not with their host nations. Region states make such effective points of entry into the global economy because the very characteristics that define them are shaped by the demands of that economy. Region states tend to have between five million and 20 million people. The range is broad, but the extremes are clear: not half a million, not 50 or 100 million. A region state must be small enough for its citizens to share certain economic and consumer interests but of adequate size to justify the infrastructure—communication and transportation links and quality professional services—necessary to participate economically on a global scale.

It must, for example, have at least one international airport and, more than likely, one good harbor with international-class freight-handling facilities. A region state must also be large enough to provide an attractive market for the brand development of leading consumer products. In other words, region states are not defined by their economies of scale in production (which, after all, can be leveraged from a base of any size through exports to the rest of the world) but rather by their having reached efficient economies of scale in their consumption, infrastructure and professional services.

For example, as the reach of television networks expands, advertising becomes more efficient. Although trying to introduce a consumer brand throughout all of Japan or Indonesia may still prove prohibitively expensive, establishing it firmly in

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the Osaka or Jakarta region is far more affordable—and far more likely to generate handsome returns. Much the same is true with sales and service networks, customer satisfaction programs, market surveys and management information systems: efficient scale is at the regional, not national, level. This fact matters because, on balance, modern marketing techniques and technologies shape the economies of region states.

Where true economies of service exist, religious, ethnic and racial distinctions are not important—or, at least, only as important as human nature requires. Singapore is 70 percent ethnic Chinese, but its 30 percent minority is not much of a problem because commercial prosperity creates sufficient affluence for all. Nor are ethnic differences a source of concern for potential investors looking for consumers.

Indonesia—an archipelago with 500 or so different tribal groups, 18,000 islands and 170 million people—would logically seem to defy effective organization within a single mode of political government. Yet Jakarta has traditionally attempted to impose just such a central control by applying fictional averages to the entire nation. They do not work. If, however, economies of service allowed two or three Singapore-sized region states to be created within Indonesia, they could be managed. And they would ameliorate, rather than exacerbate, the country's internal social divisions. This holds as well for India and Brazil.

The New Multinational Corporation

WHEN VIEWING the globe through the lens of the region state, senior corporate managers think differently about the geographical expansion of their businesses. In the past the primary aspiration of multinational corporations was to create, in effect, clones of the parent organization in each of the dozens of countries in which they operated. The goal of this system was to stick yet another pin in the global map to mark an increasing number of subsidiaries around the world.

More recently, however, when Nestlé and Procter & Gamble wanted to expand their business in Japan from an already strong position, they did not view the effort as just another pin-sticking exercise. Nor did they treat the country as a single coherent market to be gained at once, or try as most Western companies do to establish a foothold first in the

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Tokyo area, Japan's most tumultuous and overcrowded market. Instead, they wisely focused on the Kansai region around Osaka and Kobe, whose 22 million residents are nearly as affluent as those in Tokyo but where competition is far less intense. Once they had on-the-ground experience on how best to reach the Japanese consumer, they branched out into other regions of the country.

Much of the difficulty Western companies face in trying to enter Japan stems directly from trying to shoulder their way in through Tokyo. This instinct often proves difficult and costly. Even if it works, it may also prove a trap; it is hard to "see" Japan once one is bottled up in the particular dynamics of the Tokyo marketplace. Moreover, entering the country through a different regional doorway has great economic appeal. Measured by aggregate GNP the Kansai region is the seventh-largest economy in the world, just behind the United Kingdom.

Given the variations among local markets and the value of learning through real-world experimentation, an incremental region-based approach to market entry makes excellent sense. And not just in Japan. Building an effective presence across a landmass the size of China is of course a daunting prospect. Serving the people in and around Nagoya City, however, is not.

If one wants a presence in Thailand, why start by building a network over the entire extended landmass? Instead focus, at least initially, on the region around Bangkok, which represents the lion's share of the total potential market. The same strategy applies to the United States. To introduce a new top-of-the-line car into the U.S. market, why replicate up front an exhaustive coast-to-coast dealership network? Of the country's 3,000 statistical metropolitan areas, 80 percent of luxury car buyers can be reached by establishing a presence in only 125 of these.

The Challenges for Government

TRADITIONAL ISSUES of foreign policy, security and defense remain the province of nation states. So, too, are macroeconomic and monetary policies—the taxation and public investment needed to provide the necessary infrastructure and incentives for region-based activities. The government will also remain responsible for the broad require-

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ments of educating and training citizens so that they can participate fully in the global economy.

Governments are likely to resist giving up the power to intervene in the economic realm or to relinquish their impulses for protectionism. The illusion of control is soothing. Yet hard evidence proves the contrary. No manipulation of exchange rates by central bankers or political appointees has ever "corrected" the trade imbalances between the United States and Japan. Nor has any trade talk between the two governments. Whatever cosmetic actions these negotiations may have prompted, they rescued no industry and revived no economic sector. Textiles, semiconductors, autos, consumer electronics—the competitive situation in these industries did not develop according to the whims of policymakers but only in response to the deeper logic of the competitive marketplace. If U.S. market share has dwindled, it is not because government policy failed but because individual consumers decided to buy elsewhere. If U.S. capacity has migrated to Mexico or Asia, it is only because individual managers made decisions about cost and efficiency.

The implications of region states are not welcome news to established seats of political power, be they politicians or lobbyists. Nation states by definition require a domestic political focus, while region states are ensconced in the global economy. Region states that sit within the frontiers of a particular nation share its political goals and aspirations. However, region states welcome foreign investment and ownership—whatever allows them to employ people productively or to improve the quality of life. They want their people to have access to the best and cheapest products. And they want whatever surplus accrues from these activities to ratchet up the local quality of life still further and not to support distant regions or to prop up distressed industries elsewhere in the name of national interest or sovereignty.

When a region prospers, that prosperity spills over into the adjacent regions within the same political confederation. Industry in the area immediately in and around Bangkok has prompted investors to explore options elsewhere in Thailand. Much the same is true of Kuala Lumpur in Malaysia, Jakarta in Indonesia, or Singapore, which is rapidly becoming the unofficial capital of the Association of Southeast Asian Nations. São Paulo, too, could well emerge as a genuine region state, someday entering the ranks of the Organization

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of Economic Cooperation and Development. Yet if Brazil's central government does not allow the São Paulo region state finally to enter the global economy, the country as a whole may soon fall off the roster of the newly industrialized economies.

Unlike those at the political center, the leaders of region states—interested chief executive officers, heads of local unions, politicians at city and state levels—often welcome and encourage foreign capital investment. They do not go abroad to attract new plants and factories only to appear back home on television vowing to protect local companies at any cost. These leaders tend to possess an international outlook that can help defuse many of the usual kinds of social tensions arising over issues of "foreign" versus "domestic" inputs to production.

In the United States, for example, the Japanese have already established about 120 "transplant" auto factories throughout the Mississippi Valley. More are on the way. As their share of the U.S. auto industry's production grows, people in that region who look to these plants for their livelihoods and for the tax revenues needed to support local communities will stop caring whether the plants belong to U.S.- or Japanese-based companies. All they will care about are the regional economic benefits of having them there. In effect, as members of the Mississippi Valley region state, they will have leveraged the contribution of these plants to help their region become an active participant in the global economy.

Region states need not be the enemies of central governments. Handled gently, region states can provide the opportunity for eventual prosperity for all areas within a nation's traditional political control. When political and industrial leaders accept and act on these realities, they help build prosperity. When they do not—falling back under the spell of the nationalist economic illusion—they may actually destroy it.

Consider the fate of Silicon Valley, that great early engine of much of America's microelectronics industry. In the beginning it was an extremely open and entrepreneurial environment. Of late, however, it has become notably protectionist—creating industry associations, establishing a polished lobbying presence in Washington and turning to "competitiveness" studies as a way to get more federal funding for research and development. It has also begun to discourage, and even to bar, foreign investment, let alone foreign

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takeovers. The result is that Boise and Denver now prosper in electronics; Japan is developing a Silicon Island on Kyushu; Taiwan is trying to create a Silicon Island of its own; and Korea is nurturing a Silicon Peninsula. This is the worst of all possible worlds: no new money in California and a host of newly energized and well-funded competitors.

Elsewhere in California, not far from Silicon Valley, the story is quite different. When Hollywood recognized that it faced a severe capital shortage, it did not throw up protectionist barriers against foreign money. Instead, it invited Rupert Murdoch into 20th Century Fox, C. Itoh and Toshiba into Time-Warner, Sony into Columbia, and Matsushita into MCA. The result: a $10 billion infusion of new capital and, equally important, $10 billion less for Japan or anyone else to set up a new Hollywood of their own.

"Political leaders, however reluctantly, must adjust to the reality of economic regional entities if they are to nurture real economic flows."

Political leaders, however reluctantly, must adjust to the reality of economic regional entities if they are to nurture real economic flows. Resistant governments will be left to reign over traditional political territories as all meaningful participation in the global economy migrates beyond their well-preserved frontiers.

Canada, as an example, is wrongly focusing on Quebec and national language tensions as its core economic and even political issue. It does so to the point of still wrestling with the teaching of French and English in British Columbia, when that province's economic future is tied to Asia. Furthermore, as NAFTA takes shape the "vertical" relationships between Canadian and U.S. regions—Vancouver and Seattle (the Pacific Northwest region state); Toronto, Detroit and Cleveland (the Great Lakes region state)—will become increasingly important. How Canadian leaders deal with these new entities will be critical to the continuance of Canada as a political nation.

In developing economies, history suggests that when GNP per capita reaches about $5,000, discretionary income crosses an invisible threshold. Above that level people begin wondering whether they have reasonable access to the best and cheapest

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available products and whether they have an adequate quality of life. More troubling for those in political control, citizens also begin to consider whether their government is doing as well by them as it might.

Such a performance review is likely to be unpleasant. When governments control information—and in large measure because they do—it is all too easy for them to believe that they "own" their people. Governments begin restricting access to certain kinds of goods or services or pricing them far higher than pure economic logic would dictate. If market-driven levels of consumption conflict with a government's pet policy or general desire for control, the obvious response is to restrict consumption. So what if the people would choose otherwise if given the opportunity? Not only does the government withhold that opportunity but it also does not even let the people know that it is being withheld.

Regimes that exercise strong central control either fall on hard times or begin to decompose. In a borderless world the deck is stacked against them. The irony, of course, is that in the name of safeguarding the integrity and identity of the center, they often prove unwilling or unable to give up the illusion of power in order to seek a better quality of life for their people. There is at the center an understandable fear of letting go and losing control. As a result, the center often ends up protecting weak and unproductive industries and then passing along the high costs to its people—precisely the opposite of what a government should do.

The Goal is to Raise Living Standards

THE CLINTON administration faces a stark choice as it organizes itself to address the country's economic issues. It can develop policy within the framework of the badly dated assumption that success in the global economy means pitting one nation's industries against another's. Or it can define policy with the awareness that the economic dynamics of a borderless world do not flow from such contrived head-to-head confrontations, but rather from the participation of specific regions in a global nexus of information, skill, trade and investment.

If the goal is to raise living standards by promoting regional participation in the borderless economy, then the less Washington constrains these regions, the better off they will

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be. By contrast, the more Washington intervenes, the more citizens will pay for automobiles, steel, semiconductors, white wine, textiles or consumer electronics—all in the name of "protecting" America. Aggregating economic policy at the national level—or worse, at the continent-wide level as in Europe—inevitably results in special interest groups and vote-conscious governments putting their own interests first.

The less Washington interacts with specific regions, however, the less it perceives itself as "representing" them. It does not feel right. When learning to ski, one of the toughest and most counterintuitive principles to accept is that one gains better control by leaning down toward the valley, not back against the hill. Letting go is difficult. For governments region-based participation in the borderless economy is fine, except where it threatens current jobs, industries or interests. In Japan, a nation with plenty of farmers, food is far more expensive than in Hong Kong or Singapore, where there are no farmers. That is because Hong Kong and Singapore are open to what Australia and China can produce far more cheaply than they could themselves. They have opened themselves to the global economy, thrown their weight forward, as it were, and their people have reaped the benefits.

For the Clinton administration, the irony is that Washington today finds itself in the same relation to those region states that lie entirely or partially within its borders as was London with its North American colonies centuries ago. Neither central power could genuinely understand the shape or magnitude of the new flows of information, people and economic activity in the regions nominally under its control. Nor could it understand how counterproductive it would be to try to arrest or distort these flows in the service of nation-defined interests. Now as then, only relaxed central control can allow the flexibility needed to maintain the links to regions gripped by an inexorable drive for prosperity. ✍

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CALIFORNIA'S FOREIGN POLICY

James O. Goldsborough

The World's Eighth-Largest Nation

OF COURSE it seems absurd to think of a state having a foreign policy. "The Constitution," wrote the legal scholar Edward S. Corwin, "is an invitation to struggle for the privilege of directing American foreign policy." Corwin meant a struggle between the president and Congress, not between Washington and the states. The states look after the health, safety and welfare of their citizens; they do not make treaties, regulate commerce or declare wars.

But things have changed a lot since 1957, when Corwin wrote his study of the presidency, not to mention since 1787, when the Founding Fathers finished the constitution. In 1957 California, for example, had a population of about 13 million, still well behind New York. At the time, even 13 million was considered excessive because most of the people lived in Southern California, which has no indigenous water.

Today, with 31 million legal residents, California is by far the most populous state of the nation, with half again more people than New York. As an independent nation, California's gross economic product, at about $700 billion, would be eighth largest in the world, $100 billion ahead of China's, $200 billion ahead of Canada's. (With the Soviet collapse, California may be seventh.)

Los Angeles, which had 100,000 people at the turn of the last century, will have 4 million when this one turns. San Diego, just a town of 17,000 people in 1900, is today the nation's sixth-largest city, bigger than Dallas, Detroit or Baltimore, and larger still than the capitals of most countries.

California is in many ways not a state, but a nation. When the Great Compromise was reached, creating a U.S. Senate where each state would be equal, the Founding Fathers could not have envisaged that one day the nation's largest state

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would be 62 times more populous than the smallest (Wyoming). Further, that this behemoth would be in the far West, indifferent to the East's traditional European orientation, far removed from the nation's political and financial capitals, peopled nearly 50 percent by brown-skin minorities, whose roots and interests most often run, not eastward across the Atlantic, but southward toward Mexico and westward across the Pacific.

California is so big, and its problems so immense, that it needs its own foreign policy. In an era when economics commands foreign relations, this does not mean embassies and armies, but it does mean more trade offices and state agents in foreign countries, its own relations with foreign nations and a governor and legislature willing to represent the state's interests independently of Washington. California is a distinct region within the United States and needs greater freedom to act on its own—not to thrive, but as this devastating recession has shown, just to survive.

From Federal Largesse to Self-Help

THE DAYS WHEN the state's prosperity depended largely on the defense industry, which spent one out of every five dollars in California, and on a huge military presence—the Navy once was San Diego's largest employer—are finished. The time is past when the state could look to Washington for solutions, like the 1930s Central Valley Project, the largest U.S. public works project ever, which took water from the Sacramento Valley, turning California into the nation's number one agricultural producer.

California used to get more back from Washington than it paid in, but even that has changed. California, theoretically the most powerful state, ranks 33rd in per capita state and local grants received from the federal government, and 43rd in direct payments to individuals. Only in military procurement is the state in the top ten, per capita, and that era is over.

Like an independent nation, California must depend on its own wits to manage its future. Washington's 1986 attempt at immigration reform was a failure for California, and the state needs to find its own solutions. The state has begun negotiations with the Federal Bureau of Reclamation to transfer control from Washington to Sacramento of the Central Valley

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Project. California can no longer afford Congress' water subsidies to alfalfa farmers in Fresno while cities like San Diego go thirsty.

In setting up the California World Trade Commission eight years ago, which now has offices in Tokyo, Hong Kong, Mexico City, London and Frankfurt, the state recognized that the federal Commerce Department was inadequate for California's trading needs. This year, the state legislature decided the CWTC also was inadequate. In January, the California Trade and Commerce Agency, the state's version of Japan's Ministry of International Trade and Industry, was created to deal with "foreign" trade—with foreign nations and the other 49 states. The enacting legislation explained that "the expansion of international trade is vital to the overall growth of California's economy." It also declared that "current state efforts to develop relations with foreign countries are insufficient to promote economic growth and international trade."

California's economic future depends on export jobs, each of which creates two nonexport jobs. California's largest markets, in order, are Japan, Canada and Mexico, with Mexico soon to supplant Canada as number two and, if the North American Free Trade Agreement (NAFTA) works as expected, eventually to pull ahead of Japan.

Life After NAFTA

WHEN RATIFIED, NAFTA will be a formal treaty between sovereign nations. Nevertheless, it is the American West and Southwest that stand primarily to benefit. The Atlantic seaboard has been relatively indifferent to NAFTA, and the Great Lakes-Ohio Valley region ambivalent, primarily because of hostility from organized labor, which fears free trade. But the West and Southwest have been staunch supporters. It was Lloyd Bentsen of Texas who steered Bill Clinton toward a pro-NAFTA position and away from the protectionist views of House Majority leader Dick Gephardt of Missouri.

Extrapolating from existing patterns of U.S.-Mexican trade, one sees that Texas and California will reap the largest NAFTA benefits. The predominance of Texas and California in Mexican trade should not be a great surprise. Texas accounts for half the 2,000-mile U.S.-Mexican border. California has

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the largest city on either side of the Mexican border, San Diego, which is next door to Mexico's largest border city, Tijuana. California also has, after Mexico City, the largest Hispanic city in the world—Los Angeles.

Since the NAFTA negotiations began, the border states have been trying to figure out how to take advantage of the coming free trade with Mexico to lift their economies out of deep slumps. Texas went into an economic slowdown when the price of oil collapsed a decade ago, and has only recently begun to revive. California profited from the Reagan defense buildup of the 1980s, but the 1990s have been an economic nightmare, with what Kevin Scott, director of the Commission on State Finance, calls "the worst recession since the Great Depression." At ten percent, California's unemployment rate is three points above the national average.

"Texas and California will reap the largest NAFTA benefits."

Mexico has a market of 82 million people, which is expected to grow to 100 million early in the next century. It has a growth rate of three percent and rising, and runs a large merchandise trade deficit with the United States. Seventy percent of its imports are American, and two-thirds of which come from Texas and California. Since California and Texas combined to export $25 billion in goods to Mexico, the post-NAFTA opportunities offer great promise for their ailing economies.

Free trade will also transform the "maquiladora" industry, an industry that has had mixed blessings for the United States for a quarter-century. Maquiladoras, consisting of some 2,000 assembly-only plants along the border in cities such as Tijuana, Mexicali, Ciudad Juárez and Nuevo Laredo, currently export $3 billion in goods annually to the United States. But the maquiladoras are dinosaurs, remnants of the pre-NAFTA age before foreigners were allowed to produce and sell in Mexico. For example, under the maquiladora regime, Japanese companies used Mexican labor to assemble television sets from components shipped from Asia and re-exported to United States for sale. Under NAFTA, that will change. To begin with, the agreement's rules of origin require that 62.5 percent of a product's components be made in North America to enter duty-free. Another rule requires that a product's "main component" be produced in North America. For televi-

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sion sets and computers assembled in Tijuana's maquiladoras, that means the Japanese no longer can use picture tubes and main circuit boards made in Southeast Asia, but must get those components in North America.

For California, whose main export to Mexico is electric and electronic equipment, this represents an opportunity, particularly as new technology appears to move toward high-definition television.

For U.S.-owned maquiladoras the rules of the game will change as well. No longer will they be just tariff-free assembly warehouses whose sole purpose is to use cheap Mexican labor to assemble products for sale to Americans. Under NAFTA, the target becomes the exploding Mexican market, which was largely closed to the maquiladoras. This translates into more investment in Mexico. A study by Peat Marwick notes that NAFTA's approval will increase investment in Mexico by $25 billion over the ten-year phase-in period, resulting in an additional $2.3 billion in California exports and 3,800 new jobs per year.

Blame It On the Mexicans

CALIFORNIANS HAVE always believed that their worst problems came from abroad. James Gerber, professor of economics at San Diego State University, has studied the stigmatization of Mexicans in California dating back to the 1870s. Working from old newspapers, Gerber shows that Californians have always blamed their troubles, whatever they may have been, on Mexicans. In 1870 the problem was border raids; by 1900 it had become Chinese immigration through Mexico; in the 1930s it was Mexicans taking jobs from Americans; in the 1940s it was Tijuana contributing to juvenile delinquency; in the 1950s it was communist subversion from Mexico; in the 1970s, drugs; in the 1980s, the environment. "We have projected onto the border our worst fears."

Those fears still exist. Californians still have doubts about the Mexican work ethic and Mexico's one-party democracy, but they understand that the Salinas government is something different. The opening up of Mexico, which the NAFTA treaty will codify into law, is an opportunity to recreate a relationship that once was special.

What is known as Old California lasted barely a quarter

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century, roughly from Mexican independence in 1810 to the Gold Rush of 1849. But if it was short, it was, in the beginning at least, splendid. Old California was a blend of the American and the Spanish-Mexican. If the pioneer could survive a harrowing overland crossing, he was rewarded by a country whose name itself came from old Spanish mythology. This was the time of caballeros, missions, haciendas and El Camino Real; of Spanish Mediterranean towns being transplanted to places like Santa Barbara, Monterey and San Diego.

NAFTA may not be able to recreate the mythic Californian-Mexican relationship of long ago, but it is a chance to end the political demonization of Mexico that has prevailed in recent years and use the principle of comparative advantage to lift the economies of both regions.

Even as the treaty was being negotiated, forward-thinking changes were occurring. San Diego is hard at work trying to sell Mexico on the idea of a transnational airport, which the border region badly needs, and the Federal Aviation Administration badly wants in order to relieve an overcrowded Los Angeles International Airport. The long lines and waits at the San Diego-Tijuana border checkpoint, the world's busiest, ended when customs and immigration services, in anticipation of greater flows of people and goods under NAFTA, increased staffing.

Environmental and natural resource cooperation, unknown in the past, has also begun to improve. California has offered to pay most of the costs of cleaning up Mexico's Tijuana River, which empties raw sewage into the Pacific just south of San Diego's beaches. The City of San Diego, over the objections of the federal government, has signed several bilateral agreements with Tijuana. The New River, a filthy stream composed mostly of agricultural runoff from the Colorado River and sewage that rises near Mexicali and dumps into the Salton Sea, will be cleaned up under a U.S.-Mexican agreement announced in December. After 150 years, the Californian-Mexican relationship is ready to be reinvented.

Going West

FOR CALIFORNIA, NAFTA is not the only piece of the puzzle. The other foreign relationship California seeks to develop lies to the west, in Asia. China alone has 1.2 billion

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people and areas, like Guangdong province, with 18 percent economic growth rates. The Pacific Rim is the fastest-growing economic region in the world, and 40 percent of America's trade with the region passes through California.

In a Boston Study Group's 1992 report companies locating in California cited its Pacific Rim location (together with population growth and an excellent higher education system) as one of the top three reasons for their move. One of the keys to California's future will be how well the state organizes to take advantage of Pacific Rim opportunities, particularly as China's economic opening spreads northward from Hong Kong and Guangdong to the entire nation.

The Pacific Rim region today accounts for 25 percent of world gross domestic product, only slightly behind Western Europe, with 29 percent, and North America, with 28 percent (leaving 18 percent for everybody else). California is the natural jumping-off point for America's business with this huge, economically vibrant, demographically expanding region. Further, the Pacific Rim is a region with which many Californians have close historical and familial ties.

As the 25-year-old Association of Southeast Asian Nations has failed to live up to expectations, both Asians and Americans have begun looking for new structures. One course of action, proposed two years ago by Malaysian Prime Minister Datuk Seri Mahathir Mohamad, is for the Pacific Rim nations to loosen ties with America and form their own regional group, to be called the East Asia Economic Group (EAEG). Mahathir sees this bloc as a logical Asian response to NAFTA.

Perhaps because most nations of Australasia and East Asia suspect that such a group, by excluding the United States, would be dominated by Japan, Mahathir has found few takers. A more popular idea is to strengthen the Asia-Pacific Economic Cooperation Council (APEC), which includes the United States as a member, upgrading it into a permanent organization with its own secretariat.

California's economic interests depend on keeping the Pacific Rim from retreating into a EAEG-style regional shell. The creation this year of California's Trade and Commerce Agency was aimed precisely at such an end. The Pacific Rim needs California, and vice versa. For the United States as a whole, the Pacific Rim is already as important commercially as Europe. For California, there is no comparison: two-thirds

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of the state's foreign trade is with Asia. Only trade with Mexico, which increased 13 percent in 1991, is keeping pace.

The interest in strengthening APEC works both ways. Hong Kong, South Korea, Singapore, Taiwan, Thailand, the Philippines and China all trade more with the United States than with Japan and do not see any advantage in forming an EAEG-type club that excludes their principal customer. Indonesia, because of oil, is an exception to this trading pattern, but Indonesia opposes Mahathir's idea for its own reasons.

The United States should support strengthening APEC. Washington needs to demonstrate to the Asians that NAFTA does not mean turning its back on the Pacific Rim or turning North America into a fortress. Just as the Franco-German friendship treaty 30 years ago was a means for reconciling those two former enemies, NAFTA is a means for Mexicans and Americans to heal old wounds and plan a brighter future—but not at the expense of others.

Free trade areas always cause trade dislocation as old partners are replaced by new ones. Nevertheless, these areas are blessed by the GATT under the principle that rising regional prosperity increases overall world prosperity. NAFTA will lift the American states' economies—California's and Texas' in particular—by increasing domestic manufacturing and providing Americans with a low-wage platform to meet competition from Asia and Europe. But if GATT's reasoning holds, as it has in the past, Americans will also trade more with Asia, as overall trade increases.

The APEC forum is a natural for managing Pacific Rim ties far into the future. Its new headquarters was recently set up in Singapore. As APEC grows, no more natural site for a U.S. headquarters exists than California.

A State of Crisis

CALIFORNIA IS IN A STATE of political, economic and demographic crisis. People still flood the state—the population rose 25 percent between 1980 and 1990—even though opportunity is diminishing. Population grew at three times the national rate in 1990 and twice the national rate in 1991, although current indications are that it will slow to about 150,000 annual (legal) arrivals over the next few years.

In the past, California used its abundant natural resources to cope with new waves of settlers, but today that path is

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closed. Lack of water restricts land development and industry. Teeming populations demand social services that the working population cannot sustain. Schools and cities are in crisis. Young workers cannot afford to live near their jobs. The industries that have supported the state for decades—real estate, aerospace, defense, military, high technology—are in transition. Tremendous tension exists between economic growth and environmental protection. Population growth may slow, but it will still rise enough to be a major concern.

The best hope is for California to pursue aggressively its own foreign policy. The state must rediscover its old relationship with Mexico, which offers the best means for dealing with its economic problems, as well as its immigration problem. In addition, California must also look westward, over the horizon, to the region that has become the most dynamic economic area in the world—the Pacific Rim. California's natural assets remain incomparable, but the state let itself grow too dependent on the Pentagon, too oriented toward the east.

In the past the state has thrived because of domestic opportunities: the Gold Rush, the railroads, Hollywood, the Central Valley Project, the defense industry, Silicon Valley. This time the opportunity comes from abroad. California needs the vision and leadership that it has previously lacked to take advantage of it. ✍

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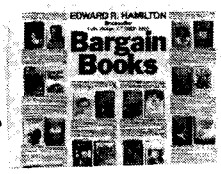

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THE SECRETS OF CASTRO'S STAYING POWER

Jorge I. Domínguez

How Cuban Communism Survives

SHORTLY AFTER the fall of the Berlin Wall it became common in Washington and Miami to bet on the date that Fidel Castro would fall. Those bets were based on the premise that the Cuban regime could not survive without Soviet support. Gone was the Soviet economic subsidy worth no less than one-sixth of the island's total gross product; gone were the weapons transfers, free of charge. From 1989 to 1992 the Cuban economy contracted sharply, with imports shrinking from $8.1 billion to $2.2 billion. Yet the Cuban regime remains with Fidel Castro firmly at its helm. How has Cuban communism managed to survive?

Besides the fact that communism in Cuba was not guaranteed by Soviet tanks, Cuba is clearly different from the regimes of Eastern Europe. As early as the spring of 1990 the Cuban people understood that communism was reversible. Cubans had already witnessed its collapse elsewhere, and they were feeling the negative economic effects. A public opinion poll taken at that time showed that only one-fifth of respondents said that the food supply was good and only one-tenth could say the same of the quality of transportation. Such results make the poll credible, and therefore we ought also to believe that three-quarters of the respondents thought health services were good and that four-fifths believed the same about their schools. Cubans supported their regime because they made differentiated judgments about its performance. They understood its many failings but they could also identify its successes.

Equally important, Cubans felt free enough to tell a pollster their many criticisms of government policy. For many years

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the Cuban government has permitted, and even stimulated, forms of citizen complaint to expose corruption and mismanagement, allowing local governments to channel these grievances to the center. The pollsters tapped into this freedom to criticize specific, malperforming services. This modest but important political space has remained Havana's safety valve, and U.S. observers often err in their assessments of Cuba because they do not understand its full significance.

Research undertaken by Cuban scholars at the end of the 1980s shows also that Cubans do not accord much weight to the Communist Party as an institution but think highly of individuals who are Communist Party members. In elections to the municipal assembly in which at least two candidates had been nominated, fewer than one in ten voters reported choosing a candidate because he or she belonged to the party. Instead voters gave varied reasons: a good neighbor, a good worker, etc. It turned out, however, that many of these "good citizens" were in fact party members. Unlike their East European counterparts, these Cubans had not turned in their party cards. Although the regime was vulnerable because the party as an institution was not held in higher regard, it was nonetheless strengthened by the personal qualities of its members.

Criticism of or noncompliance with certain government policies has existed alongside significant tolerance by the regime. At the same time, the regime has earned vital public support for many of its programs and has honored important promises to its citizens. For example, when the regime vowed to rely on voluntary compliance in its efforts to promote membership in peasant cooperatives, it continued to do so even after participation slipped from its initially strong response.

Cubans have disagreed with some of their government's policies over the years; there is fertile ground in which to plant the seeds of opposition. But to understand why the Castro regime has endured it is important to focus on facts rarely reported outside Cuba: even among its critics, the regime may be considered inept on many but not all policies; it is not uniformly oppressive, and many of those who belong to the party are good folks.

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Lesson from Eastern Europe: Don't Reform

CUBAN LEADERS have learned several lessons from the attempted reforms that eventually undermined other communist regimes. Lesson no. 1: undertake as few political reforms as possible. Lesson no. 2: get rid of deadwood in the party early on, before you are forced to do so. Lesson no. 3: deal harshly with potential or evident disloyalty. Lesson no. 4: do not allow a formal opposition to organize.

Following these rules, Cuba has averted the patterns that led to the demise of other communist regimes. One such pattern in Europe was the emergence of reformers within the party who ousted the old guard and then led in forming a political opening. In East Germany the makers of the transition wielded power only briefly before they themselves were swept out by elections. In Hungary the process of reform occurred over a period of years but, at the key opening, the reformers again lost out. Another pattern evident in Poland and Nicaragua (as well as in Pinochet's Chile and Marcos' Philippines) might be called "spectacular leadership error": rulers confident that they had substantial public support called a national election, which they promptly lost.

Not surprisingly, Castro's own political reforms have been minimal. He has taken steps to eliminate discrimination against religious believers and to broaden the Communist Party's appeal, and a new electoral law authorizes direct elections for National Assembly deputies and Provincial Assembly delegates. But the number of candidates in these elections equals the number of posts, nominating procedures make it impossible for an opposition candidate or party to operate, and partisan electoral campaigning remains illegal.

Cuba's official media has flooded the country with the "bad news" from Europe's old communist regimes: the breakup of the Soviet Union, Yugoslavia and Czechoslovakia; the outbreak of civil wars; the increase in unemployment and inflation; the elimination of various consumer subsidies; and the increase of common crime. The message to ordinary Cubans is clear: the transition to capitalism is long and painful. Elites receive a more specific message: look at what happened to Mikhail Gorbachev and other reformers; the path of reformist concessions has no end—critics and opponents are never satisfied and will always demand more. For Cuban leaders, therefore, the images on the television screens tell them to close

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ranks and prevent reforms that might weaken the regime politically.

A related task has been to rejuvenate the leadership under President Castro and his brother Raúl, the armed forces minister. Until 1980 not one member of the party's Political Bureau was dismissed—this since its founding in 1965. In contrast, by the end of the Fourth Communist Party Congress in 1991 only five of those who were members in 1975 still remained. In the interim many of Cuba's most important officials were dismissed; some were disgraced.

"Cuba's opposition has been hit especially hard by the economy's catastrophic decline."

Among those disgraced, three stand out. Humberto Pérez, the architect of Cuba's economic recovery in the 1970s, was dismissed in 1985 for excessive reliance on market mechanisms. Carlos Aldana, former party secretary for ideology and international relations and among the most pragmatic and open-minded of the senior leadership, was dismissed in 1991 for corruption and negligence of duty. Worse still was the fate of Division General Arnaldo Ochoa, a highly decorated war hero for his military campaigns in the Horn of Africa in 1977–78, who was executed before a firing squad in 1989 on corruption and drug-trafficking charges. Such trials—alongside the Nuremberg-style trials that Miami radio stations promise await them— leave Cuba's army officers loyal to the regime, grateful for their perks and unmotivated to revolt.

The government subsequently reversed its very modest political opening of the 1980s that had allowed the semi-legal formation of small human rights and opposition groups. Since 1991 many human rights and opposition activists have been arrested and sentenced to tough prison terms for their crimes of opinion and peaceful association, seeking to exercise their rights under Cuba's constitution. Since 1991 the Cuban interior ministry has authorized and organized "rapid reaction brigades" to harass and at times to beat up dissidents. These brigades are officially described as the spontaneous response of outraged citizens to those who defame the government, the Communist Party and their leaders. This officially sponsored violence is also intended to have a deterrent effect, intimidating those who might join the feeble opposition.

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Cuba's opposition has been hit especially hard by the economy's catastrophic decline. For any individual to survive it takes longer to stand in line for breakfast; it takes longer to stand in line before dinner. Private automobile transportation has come to a virtual standstill. It takes much longer to walk or to bicycle to work. After such a "normal" day's travail, walking or bicycling to an evening political meeting becomes less thinkable. Economic hardship, which affects government officials far less, has further weakened Cuba's already enfeebled and always incohesive opposition groups.

In short, the Castro brothers have ruled over and dismantled an excessively stable oligarchy. Mid-level cadres most fear the "certainty" that reform communism in Cuba would in due course lead to their own personal demise. Harsh penalties are meted out to those elites and ordinary citizens who do not toe the official line. Although many abroad expected that economic hardship would increase support for opposition groups, the short-term effects of this hardship have weakened and disorganized them, making it easier for the regime to endure. These factors have enabled Cuba's regime to resist the fate of its erstwhile European allies. Cuba's would-be Boris Yeltsins have thus far been cowed. Its would-be Violeta Chamorros and Václav Havels are in prison or in Miami.

The Black Market's Helping Hand

CASTRO HAS ADJUSTED to the collapse of his communist partners by dramatically lowering Cuba's standard of living. Cuba's leadership seeks simply to persevere, proud but poor. The regime could survive for an indefinite period at this level of hardship. There is no serious prospect of economic improvement unless major changes are undertaken. But Castro is not so rigid and dogmatic that he will never change; backed into a corner, even now Cuba has already begun a transition toward freer markets.

This ability to adjust to circumstances helps explain the regime's durability. In the long run, the free-market transition will lay the foundation for Cuba's future, no matter who rules the nation or what form the government takes. Some of this transition has occurred within the framework of the formal economy. The regime has set aside a cornerstone: in the early 1960s it expropriated all foreign property; in the early 1990s it welcomes private foreign investment under attractive terms.

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Such investment is notable in the tourist sector, but it can also be found in agriculture, manufacturing assembly plants and risk contracts for petroleum exploration. Like their total value, the number of investment projects is small but rising.

This trend has occurred mainly in the export sector. But the government has also liberalized regulations to permit the private contracting of certain services. Some state enterprises that export goods and services have been semiprivatized—that is, they operate as private firms with the state as sole shareholder. It would be but a small additional step to permit their full privatization, leaving them in the hands of former government and party cadres. This move cleverly anticipates the do-it-yourself privatization underway in the former Soviet Union or the last-minute reward to the faithful undertaken by the Sandinistas in Nicaragua in 1990. But whatever the motivation, these changes extend the scope of Cuba's market economy.

The rise of the illegal market economy is more important in understanding how ordinary citizens have adjusted to economic adversity. The black market's present dimensions are difficult to gauge. Some illegal markets depend on theft, but many others represent markets at their best. For example, state agriculture has never developed an efficient food distribution system. Even today crops sometimes rot unharvested in the fields. Behaving illegally but efficiently, peasants and commercial intermediaries connect with urban consumers to bring supply and demand into balance.

These illegal markets have become the regime's "secret agent" in the adjustment process, although the official position is to denounce and repress them. Recurrence to illegal markets is commonplace, and the survival of ordinary Cuban families (and even the families of government officials and party members) has increasingly come to depend on them. It is difficult to live simply on what the regime's ration card allocates, and the black market enables ordinary Cubans to supplement their diets. It also makes food or other consumer riots less likely. As a result the regime's survival has come to rest on them as well, and these illegal markets are in fact tolerated.

Illegal markets are financed by the central bank, as the government's reliance on printing paper money to finance its own deficit creates considerable excess liquidity. As money in circulation increases, however, so does inflation. Because prices in the formal economy are repressed, inflation so far accelerates only in illegal markets. In this fashion, however, the state is

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losing effective control over both macroeconomic policy and the economic behavior of its citizens. The very process that has helped the regime to endure since 1989 may contribute to its weakening in the years ahead. But whether inflation in illegal markets eventually becomes a factor in bringing down the regime will depend on possible changes in Cuban domestic politics as well as in U.S. policies.

Washington's Unwitting Support

THE CASTRO REGIME endures in part because its enemies unwittingly help it to survive. U.S. policies provide ample fodder for Cuban hardliners, help censor information Cuban-Americans could provide relatives on the island and prevent ordinary Cubans from learning about the outside world.

Examples abound of how Washington unintentionally bolsters the Castro regime. On a daily basis Miami radio stations, and occasionally the U.S. government's own Radio Martí, frighten Cuban citizens with the prospect of the return of exiles who will demand property restitution. Washington prevents A.T.&T. from activating a new telephone link to the island on a normal commercial basis and prohibits the export of communications equipment such as fax machines and electronic mail. In the late 1970s Castro's regime entered one of its most unstable episodes after opening Cuba's borders to international tourism; but in 1982 the Reagan administration helped Havana regain control of its borders by making it illegal for U.S. citizens to spend money in Cuba, thus stopping U.S. tourism cold. Continuing U.S. military maneuvers and overflights constantly remind Cubans of the possibility of a U.S. threat, making it easier for Castro to call for sacrifices to defend the homeland.

Most helpful to Cuba's hardliners has been the so-called Cuban Democracy Act, which Congress enacted in the fall of 1992 in the midst of partisan competition for Florida's electoral votes. The act's only significant measure has been to mandate penalties on U.S. firms whose third-country subsidiaries trade with Cuba. Since that trade was mostly in foodstuffs, Cuban leaders should now find it easier to blame food shortages on Washington. Prior to the Cuban Democracy Act Castro's regime had become internationally isolated. It has since been able to construct a large and heterogeneous coali-

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tion to defend itself. U.S. penalties on firms in third countries have provoked protests from nearly all the major U.S. allies and trading partners. In late 1992, for the first time since it began in 1960, the U.S. trade embargo was overwhelmingly condemned by the U.N. General Assembly, with the only U.S. support coming from Israel and Romania.

The Cuban Democracy Act's most likely result will simply be Cuban firms buying from non-U.S. subsidiaries. The act is politically counterproductive and economically ineffective. The United States has resurfaced as a credible international enemy, threatening Cuba once again, this time with starvation. What better gift could Cuban hardliners have received?

A New Course for U.S. Policy

THE CLINTON administration should take the initiative—regardless of what Castro does—to facilitate a peaceful political transition in Cuba. A more active U.S. policy is needed to reduce the likelihood of internal violence and to help open a wider political space for organized opposition to form. Cuban leaders have long experience in administering repression and adjusting to hardship. What they do not know how to deal with is openness and peace.

First, Washington might defang Castro's nationalist appeals if it ceased war games around Cuba. Confidence-building measures would reassure the island's citizens against U.S. attack, making it harder for Castro to ask for sacrifices. Second, the United States should also stop assisting Cuba's censorship of information: allow A.T.&T.'s telephone link on a commercial basis; permit the sale of fax machines and other communications equipment; lift regulations impeding U.S. citizens from traveling to Cuba; foster academic, cultural and artistic exchanges; arrange for the opening of news bureaus in Havana and Washington; nurture technical cooperation between U.S. and Cuban institutions to protect migratory species, clean up pollution in the Straits of Florida and exchange information on hurricane tracking. The fact of such cooperation should be broadcast to Cubans.

To remove aspects of the U.S. embargo beyond communications would require reciprocal changes in Cuba. But having demonstrated a willingness to lift restrictions in one area, the United States could use the remainder of the embargo as an active instrument of negotiation to bring about further open-

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ing. Such U.S. policies would at last permit the more normal unfolding of a political process in Cuba, permitting some officials and party members to advocate more openly a redirection of policies. They would also allow regime opponents to build on the evident discontent and galloping inflation in illegal markets. A more varied politics could become possible in Cuba—at first simply as tendencies within the Communist Party—but only if U.S. policy changes so that Cubans who seek change would no longer be vulnerable to the accusation that they are traitors to the homeland.

A common objection to this approach is that only coercion works to force open a communist regime. This objection is irrelevant in Cuba's case. These proposed changes are remarkably modest and, in effect, would realign policy toward Cuba with what Reagan administration policy had been toward various other communist regimes. The United States permitted U.S. tourists to visit Poland, Nicaraguan exiles to telephone Managua and Chinese students to buy fax machines (prior to the Tiananmen Square revolt). It developed an extensive system of confidence-building military measures with the Soviet Union as well as many academic and cultural exchanges. Along with coercive measures, these modest policies contributed to political openings in communist regimes.

"Cuba looks increasingly like just another island in the Caribbean."

There is another alternative for the Clinton administration: to ignore Cuba. It no longer matters as an international issue. Cuba looks increasingly like just another island in the Caribbean. Its focus is now on luring tourists, not deploying troops to Angola and Ethiopia or military advisers to Nicaragua and the Congo. Cuba's relations with Russia no longer threaten U.S. security, although minor annoyances remain (the port of call for the former Soviet Navy at Cienfuegos and the electronic intelligence facility at Lourdes). Cuban support for insurgencies has virtually ended, except for residues of past entanglements. Its goal is no longer to foster revolution but rather to attract private foreign investment. Trade with Canada has become more important than relations with Tajikistan. The regime is happy when its malcontents emigrate and hopes only for their remittances in the future.

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For domestic political reasons, however, change in U.S. policy seems unlikely. Although the Cuban-American community is in fact divided about evenly, only right-wing lobbies are well organized politically. In early 1993 they retained a lock on U.S. policy that made Cuba appear to be among the most important issues on the U.S. agenda. While neglecting Cuba would be better than unwittingly bolstering its hardliners, U.S. interests would best be served if Cuba were to accomplish a peaceful transition toward a more open society and polity.

Castro Could Well Endure

WHY, THEN, has Fidel Castro survived so long in power? For the very reasons he may continue to do so for many more years, unless U.S. policies change to make opposition politics at long last possible in Cuba. Heir to an authentic social revolution, ordinary Cubans remain free enough to voice complaints while they distinguish carefully between what they do and do not like, and whom they do and do not respect. Cuba's civil society is no longer as weak as it once was, but opposition to the regime has been weakened disproportionately by economic duress and remains hampered by a lack of leadership and organization to capitalize on current social and economic hardships. The state remains strongly repressive but is now assisted by illegal markets that have enabled Cubans to adjust to economic decline.

Never before have so many Cubans expressed their disapproval of the communist system. Unofficial but reliable reports indicate that in the December 1992 municipal elections one-fifth to one-quarter of all votes cast—and up to a third in Havana—were blank or null ballots, a fivefold increase from previous elections. Such results may presage the beginning of a long-expected political transition in Cuba. Only by undertaking major political changes can Cuba's leaders hope to recapture the consent of the population. But those changes are nowhere in sight.

Those Cubans in the opposition must organize far more effectively than they ever have. As long as citizens express their dissidence through lawful channels, the regime will not tumble. But beyond repression and fear, an important barrier to the growth of organized opposition is that many opposing the regime do not wish to "commit treason" or to become "the party of the United States." To create the necessary polit-

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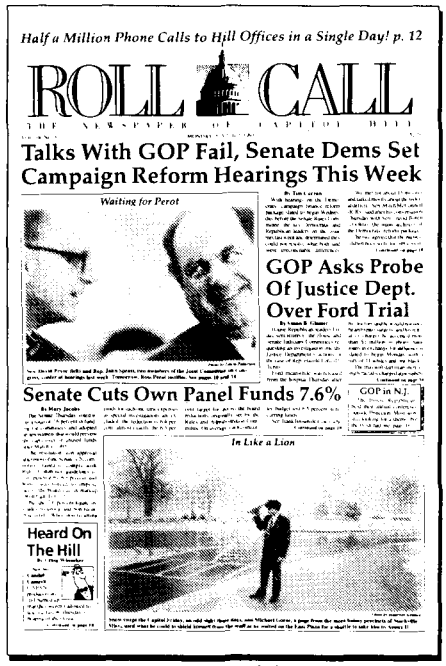
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ical space for an organized opposition to grow—and perhaps eventually to triumph—Washington must moderate those policies that monopolize opposition to the regime and fuel the regime's hardliners.

Cuban leaders could stabilize their political system by undertaking careful changes of their own. They could legalize the black market to improve efficiency and production; they could decentralize power to energize those local political institutions that retain significant public support precisely because they are close and responsive to the needs of ordinary citizens. Such a strategy would not require political liberalization—Cuba would retain a one-party system. It would not return Cuba's economy to its pre-1989 circumstances; it would not reestablish the regime's full legitimacy. Such changes, however, could stem the economy's decline and even bring back some growth; they could make it more likely that ordinary citizens would remain allegiant enough for the regime to survive.

Castro may yet consolidate his style of socialism in Cuba. Even at this late hour, the regime remains in power because it retains the allegiance of enough of its people and the reluctant partnership of many U.S. allies. These circumstances prevail in part because Washington's rigid opposition continues to allow Castro to rally citizens to defend what many Cubans are able to recognize as the regime's legitimate successes. The United States has been a staunch enemy of Fidel Castro, but with an enemy like this one, he may not need friends. ✍

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THE FATE OF THE KURDS

Graham E. Fuller

Kurdistan: Raised Hopes, Empty Promises

THE DILEMMA of the Kurds in the Middle East can be put off no longer; it has now placed itself high on the agenda of Middle East policy. For the first time in modern history, control over the Kurdish problem has slipped out of the grasp of all regional parties as Kurdish politics has taken on a momentum of its own. The Kurds, the fourth-largest nationality in the Middle East, are now banging on the door of national recognition and self-determination—with the most serious of consequences for the states in which they live. But the impact of the new Kurdish political momentum has also brought a host of post-Cold War issues to the forefront of Middle East concerns: the challenge of breakaway ethnic movements, human rights, treatment of minorities, democracy, cultural autonomy, federalism and possibly the creation of new states out of the territorial unity of the old. The Middle East is not likely to be the same again.

The Kurds had slipped off the pages of history over the past fifty years: their national aspirations were long suppressed by European imperial powers and later by modern Middle Eastern states. To be sure, various Kurdish guerrilla forces regularly served the external powers as a handy tool with which to weaken local regimes. The British helped foment trouble in Turkish Kurdistan in the 1920s; the Americans and the Israelis supported the Kurds against the Iraqi Baath regime in the 1970s; the Syrians have periodically assisted Kurds against Turkey and Iraq. Iran—under both the shah and the ayatollahs—enlisted the Iraqi Kurds in Tehran's geopolitical struggle against Iraq. And Baghdad in turn has regularly supported the Iranian Kurds against the Islamic Republic. Almost invariably, however, once the Kurds no longer served the immediate political goals of the external powers, they have been abandoned.

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The idea of an independent Kurdish state has only once been seriously entertained in modern times. The Kurds are an ancient people in the Middle East who have been divided for centuries between Persian and Ottoman Turkish empires. Only with the collapse of the Ottoman empire at the end of World War I—and the international flush of enthusiasm for self-determination at the Versailles Peace Conference—did the Kurds get onto the international agenda. They were promised their own state in the Treaty of Sèvres in 1920, which officially carved up the remnants of the Ottoman empire. Mustafa Kemal Atatürk turned that treaty into a dead letter when he fought back under a resuscitated Turkish force to establish a modern Turkish state with new borders in the early 1920s. From that point on the Kurds lost hope of further international support and found themselves divided up among not two but three states—Turkey, Iraq and Iran—with much smaller communities left in Syria and the U.S.S.R. Although the Kurds today number over twenty million people—larger than the populations of Norway, Sweden and Finland combined—the concept of an independent Kurdish state of any kind has not been internationally acceptable.

Getting to Statehood

AS A MAJOR ethnic group the Kurds have long been aware of their own Kurdishness, as distinct from their Arab, Turkish and Persian neighbors. Yet their ethnic and cultural aspirations have been systematically ignored, denied or suppressed within the modern state system in which they live.

Why have the Kurds, with their own distinct culture and ethnicity, been excluded from the ranks of separate nationhood? First, because it has not been convenient. The international system characteristically does not welcome the breakup of existing states and the resulting turmoil and violence, as witnessed by Yugoslavia. But the problem also lies in part with the character of the Kurds themselves, their culture and society. Even if the Kurds possess a strong sense of their own identity in relation to the surrounding nationalities, their sense of ethnic unity is still poorly developed.

The Kurds are not a united people. A system of strongly individualistic tribes, clans and communities has always dominated Kurdish society, regularly poising one clan against another according to the immediate interests of the given

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group. The Kurds have never in their history united in common cause. Even in national uprisings within one state, Kurdish tribes, clans or elements from another region or state have often fought against one another, usually at the first state's behest.[1] Additionally, the control of tribal or religious leaders has for centuries been very powerful.

Kurds furthermore do not even speak one language. Three major dialects exist with marked differences in vocabulary, pronunciation and grammar, compared by some to the differences between German and English, or Italian and French. One could consider them different languages, except that dialects tend to overlap and shade off into each other. But ultimately Kurds are able to accommodate to each other's dialects when required—even in the absence of an officially promoted common dialect.

"Even if the Kurds possess a strong sense of their own identity in relation to the surrounding nationalities, their sense of ethnic unity is still poorly developed."

The Kurds have lacked the national coherence that could have facilitated an effective and successful drive toward some kind of self-determination in the past. To date, nearly all Kurdish rebellions and movements have sought only autonomy, and then only for the Kurds within the state in which they live.

A number of factors have contributed to this weak sense of nationhood. First, their physical dispersion among different states for over a thousand years has sharply impeded the Kurds' ability to develop a unitary vision. The Kurds have been deprived of the opportunity to develop within a single political culture or structure, and have been forced to develop within three utterly diverse state systems and cultures.

Government policies toward the Kurds have also differed sharply in character. Of the three states where Kurds represent a significant minority, Turkey has been by far the most democratic, with the greatest degree of freedom of the press

[1]The two main Iraqi Kurdish political movements have periodically fought each other, even during periods of national uprising; one of them attacked fighters from the main Kurdish movement in Iran after the Islamic revolution. The Iraqi Kurdish movements are currently opposing with armed force the main Kurdish guerrilla movement in Turkey, largely at the behest of the Turkish government.

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and public debate on most issues—except on the Kurdish issue. In fact, Turkey has been the most repressive in cultural policy toward the Kurds, denying their existence as a separate nationality within Turkey until very recently. Yet Kurds in Turkey can and regularly do rise to the highest positions within the state—on the condition that they ignore their Kurdish heritage and accept assimilation as Turks. President Turgut Özal has Kurdish blood, and Foreign Minister Hikmet Çetin is a Kurd. Millions of Kurds are totally assimilated into Turkish society.

In Iraq, in contrast, the Kurds' existence and linguistic and cultural distinctiveness have been freely accepted, but Kurds have died by the hundreds of thousands from the savage depredations of the Baath Party, which for decades has sought to crush the least degree of separatism or political resistance to its policies. Kurds in Iraq have also been largely excluded from the political process. In Iran the Kurds have been permitted some cultural independence but have been basically isolated from the political process and suppressed militarily upon any attempt at autonomy. Of the three states, life for the Kurds in Iraq has been by far the worst, in Turkey probably the best. Nowhere can it be described as satisfactory.

A further hindrance to national unity is the geographic isolation of the Kurdish regions in all three states; most Kurds live in areas far from the capitals and centers of political activity. These areas have often been deprived of developmental funds relative to other regions of the state, especially in Turkey and Iran, and are neglected and underdeveloped. The mountainous nature of much of greater Kurdistan further physically divides and separates the Kurds. In their isolation, the Kurds have preserved their tribal and clan structures far more than the peoples in the surrounding areas. Retention of a feudal social order has hindered development of pan-Kurdish national impulses and modern political evolution. Only in Turkey, where the reform policies of Ataturk in the 1920s and 1930s destroyed the power of the feudal, tribal and religious leaders, has Kurdish society moved considerably beyond the stage of feudal and tribal ties and obligations—giving a distinct leftist character to Kurdish political movements in Turkey.

But over the longer run, Kurdish political evolution may begin to take on a different complexion. Powerful forces are at work to suggest the transformation of the Kurds' political environment. First, shackles on the evolution of the Kurdish prob-

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lem have been partially released by the end of the Cold War, enabling national and regional problems to be treated more on their own merits.

Second, with the demise of communism, international trends have now swung over to the ideals of free societies, support for more pluralistic political systems, greater sympathy for national self-determination for peoples subject to totalitarian rule and greater attention to gross violations of human rights. These circumstances are propitious for the Kurds to press their own case. Regional politics, too, have been convulsed, opening further opportunities for the Kurds. The Iran-Iraq War, the Gulf War, the international consensus against Saddam Hussein and internal change in Turkey have all created fundamental new facts for the Kurds that cannot now be easily reversed. Once isolated in their separate regions and states, Kurds are now traveling widely, studying abroad, meeting Kurds from other countries, exchanging views and developing a more coherent sense of their own ethnicity than ever before. International conferences in Paris in 1989 and in Stockholm in 1991 have brought Kurds together and focused greater international attention on them as a people.

"With the Gulf War against Saddam Hussein, the greatest opportunity yet had emerged for the Kurds to assert their aspirations for autonomy as their minimalist goal."

Then the local realities impinge. In Iraq, a brutal political reality is now apparent: the Kurds can probably no longer be contained within a unitary state of Iraq. The Kurds never accepted their original inclusion within the Arab state of Iraq, and their experience within the Iraqi state has not been happy.[2] Even during the moderate days of the Iraqi monarchy, Kurdish rights as stipulated by the League of Nations were poorly observed. Under Baath Party rule in 1968 Iraqi politics took a particularly ugly turn; increasing violence was visited upon the Kurds at the least manifestation of resistance to Baath Party policies. In fairness, the Baath Party was not about to preside over the weakening of the Iraqi state, but its

[2]The modern boundaries of Iraq were imposed by British colonialism upon the ancient region of Mesopotamia and included the Kurds, against their will, because of the importance to the British of oil in Iraq's Kirkuk region.

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ill-conceived policies and unprecedented violence against the Kurds alienated them more than any previous Iraqi government. With the Gulf War against Saddam Hussein, the greatest opportunity yet has emerged for the Kurds to assert their aspirations for autonomy as their minimalist goal.[3]

Today the international coalition aiming to topple Saddam has created an unprecedented situation in Kurdish annals: the establishment of a de facto zone of autonomy protected by international force. Open elections in Iraqi Kurdistan in the summer of 1991 have created a functioning parliament and lent a legitimacy to the new Kurdish administrative authority there that the Baghdad regime lacks. The guerrilla fighters of the two leading Kurdish movements, the Patriotic Union of Kurdistan, led by Jalal Talabani, and the Democratic Party of Kurdistan, led by Masud Barzani, have merged. Talabani and Barzani have also become key players in the exiled Iraqi opposition movement and have been able to present their grievances and aspirations before the main leaders of the Iraqi Shiite and Sunni opposition movements.

Iraqi Kurdish leaders are now meeting regularly with international leaders, including the U.S. secretary of state, a variety of European leaders and—in a stunning departure in Turkish policy—the president and prime minister of Turkey. The Iraqi opposition movement held its most unified congress yet on Kurdish soil at the end of 1992, at which time the Kurds unilaterally declared themselves a federated region of a future federated Iraq—a position acknowledged but not officially accepted by the broader opposition movement. Turkey has established de facto working agreements with Iraqi Kurdish authorities on the border to maintain border security and stop the infiltration of Turkish Kurdish guerrilla groups into Turkey. The welfare of the Iraqi Kurds has become an international issue, making it difficult for the United States or any other country simply to abandon them to their fate once the goal of toppling Saddam Hussein has been attained. For all of these reasons, the Iraqi Kurds are now well on their way to a de facto autonomy unattainable under past Iraqi political systems. They will unquestionably press for guarantees that will perpetuate this autonomy under some form of federalism.

[3]Both major Kurdish organizations see only autonomy as realistic in the current international context, but many Kurds have some kind of independence as their ultimate long-range goal, even though it is impolitic, and indeed counterproductive, to state so at this time.

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Changing Landscape of the Middle East

TODAY WESTERN intervention to force the fall of Saddam Hussein is regarded by many Arabs as a step toward the destruction of Iraq itself. Yet ironically it may now be the only way to save the state. For the maintenance of Saddam Hussein in power can only accelerate the eventual departure of the Kurds from Iraq. Saddam's war against Kuwait and genocide against the Kurds has cost the Iraqi state dearly and has precipitated, faster than anything else could have, the collapse of the deeply flawed traditional Iraqi order.

A second major regional development affecting the Kurds has been the extraordinary evolution of politics in Turkey over the last decade. The Turkish economy has been extensively opened up to the world and liberalized, and democratic practices have deepened their roots. Turkish foreign policy has been revolutionized by the opening up of politics in the Balkans, the Caucasus and Central Asia—all closed arenas to Turkey for decades—vastly extending the sphere of Turkish geopolitical interests in the newly liberated Turkic world.

Within the past two years Turkish President Özal has also thrown open the doors to explicit discussion not only of the very existence of the Kurds in Turkey, so long denied, but also of ways to treat Kurdish political demands.[4] The law against the use of the Kurdish language in public was abrogated in April 1991. Kurdish parliamentarians with scarcely concealed autonomy goals have formed a political party (albeit under legal challenge); parliamentary debate and public political discourse now freely encompass discussion of the Kurdish issue. Özal and the Turkish government regularly and openly confer with the Iraqi Kurdish leadership; Talabani has actually suggested that if the Iraqi Kurds can no longer survive in a non-democratic Iraq, then joining democratic Turkey would be the only serious alternative.

Political democratization, the massive flow of Kurdish refugees from Iraq into camps in Turkey at the end of the Gulf War, and the pressures created by the internationally sanctioned Kurdish safety zone in northern Iraq—all have sharply altered reality for Turkey, placing Ankara in a difficult

[4]The Kurdish population in Turkey was estimated conservatively at 9.6 million in 1987, or 19 percent of the total population. This figure is probably proportionally higher today due to the Kurds' higher birth rates over the Turks'.

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position. On the one hand, Turkey strongly desires to continue security cooperation with the West, despite the end of the Cold War and NATO's dwindling role. It wishes to see an end to Saddam, his aggressive, expansionist party, and his efforts to develop nuclear weapons. Turkey also would not spurn an influential role in oil-bearing Iraqi Kurdistan, a region Turkey claimed until forced to relinquish it to British-mandated Iraq in 1926. Turkey is also concerned over the fate of roughly one million Turkmen in northern Iraq, whose welfare Turkey could seek to protect. Ankara in fact would clearly prefer not to see any kind of autonomous Kurdish region emerge in Iraq because of its direct impact on Turkey's Kurds, but such a region now exists, and Turkey has had to accommodate reality and seek new relationships. The pre-Gulf War status quo can never be restored.

At this stage, Turkey is now face-to-face with its own Kurdish problem. The Gulf War may have precipitated the immediate Kurdish crisis, but ultimately the inexorable evolution of Kurdish dissatisfaction, nationalism and talk of separatism could not have been staved off forever in Iraq, Turkey or Iran. Unlike in Iraq, however, Kurdish separatism in Turkey is not a foregone conclusion. At a minimum Turkey will need to establish some kind of federal system that permits the Kurds broad cultural autonomy. In past decades such an idea in Turkey has been unthinkable and constitutionally treasonous, and the Turkish military is sworn to uphold the Atatürkist vision. For this reason the Turkish government is engaged in a harsh military struggle in its Kurdish southeast region to crush the principal separatist Kurdish movement in Turkey, the Kurdish Workers' Party (PKK).

The PKK is unique among Kurdish movements in that it openly espouses a separatist goal of complete independence—unlike other Kurdish organizations in Iraq and Iran that coyly see only autonomy as realistic. The PKK is also the only major organization with a pan-Kurdish vision, seeking the creation of a greater united Kurdistan. But the PKK is also heavily ideological, with a utopian, Marxist-socialist vision. Because there is no longer any strong local, feudal or tribal leadership in Turkey whose de facto authority must be recognized (unlike in Iraq or Iran), the PKK has had the freedom to develop an independent agenda. For this reason many Kurdish intellectuals from different states see the PKK as the only modern Kurdish political movement, based on ideology

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rather than tribalism.

But the PKK has also pursued an unabashed policy of violent guerrilla warfare in southeastern Turkey. It is led by an elusive and doctrinaire leader, Abdullah Öcalan ("the Avenger"), operating from exile, who aspires to social revolution across the entire Middle East. The PKK is given to executing moderates and opponents, Viet Cong style, and forcing villagers to choose between it and the Turkish army. Despite the PKK's violent and extremist philosophy and cult of leadership, currently it is the only serious political movement among the Turkish Kurds that speaks for them. Given the rising violence in Turkey's Kurdish zone, harsh Turkish army operations against the local population are rapidly alienating the broader population in what sometimes resembles an intifada-like environment.

"Whatever kind of Kurdistan eventually emerges in the Middle East, Turkey will exert greater influence over it than any other state."

Ironically, the creation of a de facto autonomous Kurdish zone in northern Iraq unexpectedly facilitated the greatest blow ever to the PKK. In October 1992 Barzani and Talabani supported a major Turkish military campaign inside the Kurdish zone that delivered a devastating blow to the PKK's infrastructure and personnel. Such cooperation has enabled the Iraqi Kurdish administration to turn a crucial political corner with Turkey in gaining the tacit acquiescence and acceptance of the Turkish military. Turkey now seems to recognize that a moderate, stable, cooperative and autonomous Kurdish administration in northern Iraq—however worrisome—is preferable to the anarchy and rebellions that characterized the last thirty years of Baghdad's leadership there. Ankara has gone so far as to state its willingness to defend the Iraqi Kurds from Saddam.

But the dilemma with Turkey's own Kurds remains. Force and repression clearly cannot be Ankara's sole response to its Kurds' political aspirations—which are not exclusively separatist. Those aspirations must be met by political means within a democratic and pluralistic framework that already exists in other areas of Turkish political life. This more liberal view is resisted by the Turkish military and security apparatus that

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currently dominates the formulation of Kurdish policy and internal security. Only a moderate but credible alternative Kurdish political movement in Turkey will eventually be able to supplant present sympathy among many Kurds for the violent and radical PKK. Unfortunately, Turkish government and society have not yet reached this stage of acceptance of the Kurdish reality, but may rapidly be forced to do so, in the face of even more unpalatable alternatives.

Persistence in the military option sets a course that will severely damage Turkey's standing in the West. While Ankara's human rights record is high by regional standards, if Turkey wishes to gain entry into the European Community, its human rights must improve to meet European standards.

Liberal thinkers in Turkey recognize that Ankara can draw some benefit from the new realities. Turkey has the largest Kurdish population in the region; approximately half of Turkey's Kurds do not even live in southeastern Turkey but are scattered throughout the country and in its major cities. Whatever kind of Kurdistan eventually emerges in the Middle East, Turkey will exert greater influence over it than any other state. Many Kurds will hesitate to break altogether with the considerable benefits of life in urbanized Turkey once the passions of the military campaign recede, a more civil order takes its place, and some kind of autonomy becomes possible. Turkey's own interests therefore lie in moving immediately toward a more liberal treatment of the Kurdish problem.

Geopolitically, the evolution of the Kurdish situation intensifies other regional tensions as well, especially with Iran. Tehran is already nervous about pan-Turkist ideologies in newly independent Azerbaijan that could threaten to attract Iran's own huge Azeri population. It sees Turkey entering a new phase of geopolitical expansion into Central Asia, the Caucasus and northern Iraq, encircling Iran. If Turkey moves to gain influence over northern Iraq and the Kurdish future as a whole, Iran's Kurdish region will be at risk. Iran is therefore almost certain to develop significant anti-Turkish policies to meet this challenge to its position and influence in the region. Armed conflict between the two cannot be ruled out.

Ideological Crisis in the Arab World

THE ARAB WORLD is deeply vulnerable to the far-reaching implications of the evolving Kurdish problem;

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Kurdish aspirations in fact constitute an assault on the concept of pan-Arabism. For most of the Arab world, pan-Arabism has represented a near-sacred belief, transnational in character, emphasizing the unitary nature of the Arab world and denigrating the legitimacy and authority of the individual Arab state. Arab unity has likewise always represented an "ideological bulwark against imperialism" and has claimed to represent the power to confront and stand down the external imperialist threat.

But the Arab world has now moved into a new stage of ideological crisis, challenged by a rival ideology of liberalism. This new and still modest vision turns the problem around: it perceives the sources of Arab weakness and crisis stemming from those very authoritarian mechanisms that have upheld pan-Arab ideology. It believes that only liberal-democratic and reformist philosophies can overcome the dinosaur structures of pan-Arab authoritarianism that have led the Arab world into its worst hours and most disastrous military adventures.

To those still committed to pan-Arabist impulses, Saddam Hussein may be harsh, but he is a cherished pillar of Arab power. The unity of Iraq, representing an indispensable Arab powerhouse against Western threats, must therefore be preserved at all costs. It is on these grounds, goes the reasoning, that the West seeks to destroy Iraq, for it is the state most able to stand up to Western imperial interests. These thinkers therefore view the unity of Iraq as essential; even a move toward autonomy by the Kurds represents the beginning of the dismemberment of Iraqi-Arab power, which cannot be contemplated. In many Arab eyes, Turkey is using the Kurdish issue to expand its power at Arab expense in a new and dangerous stage of "neo-Ottomanism."

In this vision, the ideological threat is not only to Iraq, but to the unity and integrity of the entire Arab world. A democratic Iraq would come to be dominated by the Iraqi Shiite majority (some 55 to 60 percent of the population), which has rarely shared in a pan-Arab vision that is inherently Sunni.

The Arabs have long suffered under external domination—Ottoman and Western colonialism and, later, Western interventionism. Israel, linked intimately to the West, has also dealt repeated military setbacks to Arab military power. The West has sought to dominate the oil pricing structure of the region; indeed, possession by the Arabs of a strategic commodity such as oil represents a de facto loss of sovereignty through the loss

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of the right freely to dispose of this commodity as they see fit. The region's economy is dominated by powerful Western capital and markets and the reform visions of the International Monetary Fund. Arab nationalism thus is not entirely inventing a chimera in perceiving a persistent threat of external control or intervention extending into the Arab world over several centuries—even if their vision is selective and ignores a multitude of other international factors and causes.

Many Arab nationalists thus view with deep suspicion concepts of democratic reform and minority rights—the latest Western device designed to divest the Arabs of independent power. Indeed, this very article will be seen by many as constituting an act of sabotage and intellectual aggression against the Arab state system. But it is unclear how the Arab world then proposes to deal with problems of a multireligious and multiethnic society. Yet the dilemma is patent: democracy will inevitably bring greater power to formerly oppressed ethnic and religious groups—a shift in the political order unacceptable to old ruling elites.

Potential crises sparked by democracy are numerous in the Arab world: rule by religious minorities in Iraq, Bahrain and Syria; large, politically deprived minorities who are second-class citizens in Kuwait, Saudi Arabia and Sudan; a large Coptic Christian majority in Egypt; a large Berber population in North Africa. These conflicts will grow more intense as this new era of self-determination influences the international scene, coupled with lessening international tolerance for the absence of democracy, political repression and violations of human rights.

The Kurds: At the Crossroads

THE FUTURE FATE of the Kurds is pregnant with meaning for the region. If the Kurds are to achieve statehood anywhere, the region will then undergo dramatic changes in the borders and geopolitics of Iraq, Turkey and Iran, thus transforming the traditional balance of power in the region.

But if no Kurdish state emerges in the future, the consequences are equally powerful. First, the Middle East could opt for extreme violence and repression designed to crush dissatisfied minorities in every state, almost certainly at the cost of any kind of democratic order and observation of human

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rights. This option would be extremely costly for the region and for the world, for it preserves unstable, highly volatile, arbitrary and intolerant regimes that are the raw material of conflict, aggression, war and frequent external intervention. A second alternative would require the development of democratic federated states in which the Kurds, among others, could satisfy their ethnic needs—also constituting a massive shift in the character of regional politics.

How should the U.S. policymaker approach this welter of conflicting interests? First, by recognizing that long repressed, deeply needed structural change must come, even at the cost of inevitable instability. In reality, it is far more preferable that the Kurds be able to achieve their ethnic and cultural aspirations without having to take apart three nations to create their own. But if the states involved are unable to make the necessary political and cultural changes, their borders will inevitably face change. American efforts can most fruitfully be devoted to working out with other nations and the United Nations a series of approaches to the generic problem of ethnic separatism. International "marriage counseling" should offer a range of potential mechanisms including international monitoring, international guarantees of human and civil rights, sanctions, cultural autonomy, regionalization, federalism and confederalism. Washington can use its influence, preferably multilaterally, to impress upon afflicted countries the need for early, creative approaches to ethnic and sectarian problems that threaten to explode.

Americans have foreign interests, of course, beyond simple assurance of human rights around the world. But the violation of human rights is nonetheless integrally linked to much larger problems of endemic dictatorship, aggression and internal insurrection. More complex is how America determines the priority accorded to human rights concerns as opposed to other interests and relationships with foreign states. There can be no fixed rule for this—except that human rights and gradual movement toward democratic governance should rank very high in U.S. national priorities. Measures used to encourage movement in this direction will depend on the particular state and circumstances involved; those states most egregiously violating international norms and the international order—such as Iraq and Serbia—deserve the toughest approaches. Levels of repression and the explosiveness of local repression provide additional criteria for action. Choices will be difficult, but the

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issue is at the forefront of the international agenda in the new post-Cold War era.

In this sense, then, the Kurdish issue is central to the Middle East in the new world order. If the world wishes to avoid the specter of massive redrawing of international borders in the Middle East, then the states of the region have their work cut out for them. The Kurds stand at these crossroads. They will not wait much longer. ✍

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FRANCE IN SEARCH OF SECURITY

Pierre Lellouche

Toward a New Transatlantic Pact

THE END of the Cold War calls for redefining major countries' ranks and roles. That challenge is most painful for two nations—the United States and France. The two countries were the great beneficiaries of the geopolitical freeze of the Cold War, and both stand to lose the most after the thaw. The United States enjoyed an unchallenged status as leader of the Free World, while France benefited from a divided Germany and a strong Western alliance without incurring the full costs of Western discipline.

Yesterday's world was fundamentally structured around nuclear weapons, which also boosted the American and French roles. The United States now has to define for itself a new role in a world where military force alone will no longer be the principal criterion of power. The relative political and economic weight of the United States will be closer to its pre-World War II situation than to the postwar decades. The French too are awakening, reluctantly, to a messy Europe, where most of the basic foreign policy and defense guidelines laid out by General Charles de Gaulle 35 years ago are simply no longer relevant.

Because both nations face such an arduous redefinition, the potential for friction between France and the United States will be quite considerable. Yet never before have the two countries' strategic interests been so complementary. If this convergence of interests were to be wasted through mismanagement of the political process, the reconstruction of a stable Europe would be impossible.

Focusing on Strategic Concerns

LEADERS AND CITIZENS alike are discovering that Europe's security is now more precarious than it ever was during the forced peace of the Cold War, and that

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Europe is more exposed than the two other poles of economic power, the United States and Japan. The general mood in Europe is now one of anxiety, rather than the "Europhoria" that attended the double victory of the West in Eastern Europe and the Persian Gulf over the last four years. Western Europe adjoins a zone of massive and prolonged turbulence in the eastern and central regions of Europe as well as in the countries of the former Soviet Union. In addition to their difficult transition toward capitalism (and hopefully, democracy) these regions are experiencing a resurgence of the nationalist fervor that repeatedly bloodied the continent over the past century. The further tensions and wars expected in these areas stem from the strategic void left by the collapse of the Soviet empire. Gone also is the territorial status quo created by the Second World War in a vast area ranging from the Balkans, East-central Europe, the former Soviet Union, all the way to the Caucasus.

The collapse of communism has bequeathed two immense problems—reconstructing the region's mismanaged economies and managing the Soviets' nuclear legacy. Ironically, the West pursued two completely contradictory policies for the past half century, without quite knowing it. On the ideological front, the West sought to bring down the Berlin Wall, and with it communist authoritarianism as a whole. Nonetheless, the West also needed a solid, central authority in Moscow to control the Soviets' 35,000 nuclear weapons. Today, the West has no choice but to help its former adversary oversee its nuclear arsenal. A further irony is that Western nations will no doubt have to pay—whether it be to convert Soviet weapons factories, to employ the nuclear engineers and scientists, or to dismantle the weapons. America, France and Great Britain, all experienced in this field, can jointly contribute to the management of the Soviet nuclear legacy and the associated proliferation risks.

This European, or "North-North," strategic concern is outweighed by another one emerging on the continent's southern periphery. The African population is projected to triple within the next 30 years, reaching an estimated level of 1.6 billion. Moreover, the Middle East, Central Asia and the Indian subcontinent all have volatile admixtures of acute poverty, demographic explosion and political instability. Together these regions will have some 4 billion people within 30 years, while due north sit 500 million aging Europeans already in a squall

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of demographic depression.

The regions to the south of the Eurasian continent are the world's poorest, the most prone to religious fundamentalism, and, unfortunately, the areas where missiles and weapons of mass destruction are proliferating the most. With the exception of North Korea, all major proliferators are located in an arc spreading from Algeria to Pakistan. A proper regard for security cannot exclude the hypothesis that several European cities will be—probably sooner than generally expected—the potential targets of these weapons.

The Security Vacuum

EUROPE NO LONGER has a security system capable of confronting this double peril. Even so, a sterile debate is droning on, at ministerial conferences and at heads-of-state summits, over whether NATO or the Western European Union (WEU) or the Conference on Security and Cooperation in Europe (CSCE) or the European Community (EC) should tackle this or that issue. This display of faint political will, coupled with declining defense expenditures (Japan's being the exception among the industrialized nations), stands in stark contrast to the conflicts multiplying in Europe and adjacent regions. NATO and other Cold War institutions must be overhauled, and the place and role of all major powers, including Russia, must be redefined.

Today, NATO is characterized by paradox. It has no enemy or military doctrine and is rapidly losing forces. Yet the alliance apparently prospers, with prospective members from the East lining up at the door and new purported reasons for being, ranging from humanitarian and peacekeeping operations to the establishment of a framework for political cooperation with the East.

The same observation applies to the CSCE. With the Cold War over, it too has lost its main role as a channel of discussion with the East. As to its new ambition (outlined in the Paris Charter of November 1990) to serve as a peacemaker in Europe, the CSCE has failed conspicuously in Yugoslavia and in the Caucasus.

Meanwhile, the WEU's involvement in the Yugoslav war has been modest, late and unconvincing (e.g., the monitoring of the arms embargo at sea). As to the Franco-German "Eurocorps," created in May 1992 by President François

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Mitterrand and Chancellor Helmut Kohl, it too is facing uncertainties. Paris has yet to clarify the role of French troops within the new corps, nor has it adequately defined its strategic links to NATO. It is also questionable whether Bonn is ready to use the corps outside the NATO area. Finally the United States and Great Britain have yet to accept the Eurocorps as a positive contribution to the maintenance of NATO.

Over the past year or so, this institutional confusion has resuscitated the diplomatic guerrilla warfare periodically waged between Paris and Washington since the early 1960s. Many in France favor a post-Cold War security system, more "Europeanized" than the old NATO, one that is driven by the Franco-German coupling. Many Americans believe that the French still want the United States to hold the umbrella when the storm comes, but are not prepared to let it be more than a "mercenary of the EC" the rest of the time. Caught in the middle, the Germans hesitate and try to gain time until the end of their difficult unification, when they will define their own security options for the post-Cold War world. For the time being, therefore, Bonn presents itself in Washington as the most faithful NATO ally, and in Paris as the other key architect of the future Europe. Meanwhile of course, the British, who trust neither the French nor the Germans, stick to the American line (along with the Dutch and the Scandinavians).

New Realities

THE CONCEPT of a broad transatlantic alliance remains a fundamental instrument of stability and peace in Europe. It also is essential to the United States, which intends to maintain its status as a world power. America and the France need to understand that the implementation of that concept, the "nuts and bolts" of it, must be adjusted to the new realities of the post-Cold War era. Three new factors must be borne in mind.

First, a new transatlantic alliance cannot be shaped by a "NATO area" that is no longer relevant to actual problems. Whether one looks at East European conflicts or at potential instabilities in the South the relevance of the alliance will basically depend on one factor—whether the United States will be prepared to intervene. That must be a sovereign decision taken by the United States, not one generated by any automatic commitment to European or allied interests.

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In the Persian Gulf, for instance, the United States chose to intervene and some allies (although not NATO as such) followed. In Yugoslavia, by contrast, the United States initially decided to stay out and the Europeans, after much hesitation and blundering, decided to do the same—except in the humanitarian field. The result is that so far neither NATO nor the WEU have played any significant role in the Balkan war despite its enormous moral, political and strategic implications for the continent.

The issue is not one of institutions or legal definition of areas of competence, but one of political will. While the notion of "automaticity" in the commitment of forces was central to the response to an attack by the U.S.S.R., it is now questionable for conflicts arising in Eastern Europe, the Caucasus or the southern rim of the Mediterranean. Europe and the United States need a flexible political-military structure that coordinates joint action but also leaves room for independent action by European forces if America forgoes involvement.

"The issue is not one of institutions or legal definition of areas of competence, but one of political will."

Second, U.S. military forces, stationed in Europe during the 1990s, are likely to be a quarter or even a fifth of the old level of 325,000. For the first time since 1945, less troops will be stationed in Europe than in Asia. This will mean a considerable difference in the military effectiveness of the future NATO. Given these reduced numbers, the question arises as to whether the U.S.-dominated command structure should be adjusted to reflect a greater role by the Europeans. A related question is how to adjust the current command mechanism to permit action solely by European forces with little or no U.S. logistical support.

Finally, among the rich, industrialized nations of the North the political-military utility of their remaining nuclear arsenals will be much reduced, although they will retain some deterrence purpose given the risky evolution of the former U.S.S.R. and the probability that one or more of its successor nations will continue to possess large numbers of modern nuclear arms. In many ways, as far as the North is concerned, there will be a broad convergence of doctrines and postures to something very close to France's classic deterrence approach.

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The situation will be quite different in North-South relations. While the North will gradually move to a post-nuclear age, North-South relations may well return to the strategic posture of the 1940s and 1950s, when nuclear arms were conceived primarily as weapons of mass destruction. Faced with a number of nations in the South that will possess such nuclear weapons and delivery missiles capable of hitting European targets, it is by no means clear that mere possession of nuclear arms by Northern nations will deter proliferation or the actual use of such weapons against Europe. Against such risks, France and other European countries cannot ignore the need for some defense options. One area that ought to be examined is how to promote better French-American cooperation in the nonproliferation field, including anti-ballistic missile defense. France has no choice but to develop the necessary protection of its nuclear assets in Europe and the transatlantic area. This means maintaining a state-of-the-art, safe and effective nuclear deterrent, and continuing modernization and nuclear testing, though at a somewhat slower pace. A policy stressing a freeze on nuclear modernization, and in particular a complete nuclear test ban agreement with Russia, could certainly pose a serious problem for French decision-makers.

Were the United States to denuclearize its forces on the continent, Europeans might have to build up some form of deterrent in the face of likely long-term instability in the former Soviet Union. The question is whether the United States can live with that option.

The Will and Means to Lead

REINTEGRATING FRANCE into NATO, thought by some to be necessary to "save" the Atlantic alliance, would simply legitimize the current system and postpone needed major adjustments. France does not deserve such an overestimation, either of its absence or of its full presence in NATO. Moreover, some European allies, accustomed since 1966 to having the comfort of certain leading positions in the NATO machinery, would view the French return without much enthusiasm. Yet it is clear that France has a major role to play in any significant adjustment to the alliance. Britain is a much weakened player, given the state of its economy and its attitude on the European front. Germany is focusing on its domestic problems following reunification and has yet to face

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squarely a security debate of its own. The fragility of its domestic consensus on defense and foreign policy has been aggravated by the incorporation of 17 million East Germans with a thoroughly different historical memory of NATO and Europe. Finally, no other European nation but France has the desire, the ambition or the means to play a decisive leading role in redrawing Europe's security order.

France is left with the enviable but difficult challenge of shaping, alongside the United States, Europe's future security system. Clearly, French aloofness on these matters, on the pretext that these are "NATO problems," is no longer sustainable. Nor is it useful to continue the sterile Franco-American quarrel of the past few months over institutions.

"French aloofness on matters of European security, on the pretext that these are 'NATO problems,' is no longer sustainable."

The United States must understand that France is not trying to undermine either America's presence in Europe, or in NATO—quite the contrary. France in turn must put to rest certain institutional reflexes. It is absurd, for instance, that at a time when NATO is undergoing a complete redefinition, France's voice cannot be properly heard in NATO forums simply because it refuses to be present for reasons that belong to another era. Similarly, it is equally bizarre that the French minister of defense is the only one absent around a NATO table of the North Atlantic Cooperation Council that now includes Russia's Marshall Yevgeny Shaposhnikoff. Finally, it is regrettable that a certain amount of ambiguity continues to plague the issue of a command agreement between the Eurocorps and NATO's Supreme Allied Commander in Europe.

All of this must be corrected, if the bureaucratic guerrilla warfare developing between France and the United States is to end. The key is to pragmatically, but resolutely, build upon several synergies that are emerging with the end of the Cold War. The evolution of the role of nuclear weapons toward residual deterrence should permit an obvious convergence between French and U.S. nuclear postures and doctrines. The days are gone when experts and politicians on both sides of the Atlantic could claim a basic incompatibility between

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NATO's flexible response and France's pure deterrence concept.

French and American interests ought to be converging in conventional arms policy as well. Evaporation of the East-West line in Europe renders moot the old quarrel over integration on the "front line," and the resulting risk of being drawn "automatically" into a conflict. For France, and America, integration bears a different meaning when it is based upon only some 70,000 U.S. troops in Europe, no Soviet military threat, and a force structure now positioned all across allied nations. This is more so when use of force is likely to be outside NATO's reach and, far from being automatic, will require consent of the governments involved, be it in NATO or in the CSCE or both. Unless exploited for domestic political warfare, the creation of a flexible command structure within the alliance and the WEU/Eurocorps ought to be feasible. It would allow the alliance to act as a whole along with the United States, when the latter chooses to intervene with its allies, or allow the Europeans to do so in other instances, without the United States.

A first step in this direction would be to deflate the issue of the Eurocorps' relationship to the alliance. Rather than assume it is meant to destroy the alliance, the Eurocorps should be seen as an instrument for making Europeans, and particularly the Germans, responsible for the defense of their own interests in those instances where the United States will not be prepared to act. Americans, unwilling to be Europe's protector in every instance, must consider whether a Eurocorps better serves its interests than a passive, disorganized and militarily castrated Europe. Meanwhile, France should state publicly that its forces assigned to the Eurocorps are actually "double-hatted." They would fully participate in NATO operations when NATO (and the United States) decide to act, but they could also act under a European command in other situations.

To put this arcane command debate in perspective, it is well to remember that in the Persian Gulf, the United States and some of the European nations decided to intervene together, and even though NATO as such was not involved, there was no theological debate about integrated command in Kuwait. In Yugoslavia, by contrast, the bureaucratic games being fought over who should do what and under what command actually mask a tragic lack of political will on all sides. Legal battles are a lot easier to fight than Serbs.

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Mutual Self-Interests

THE MAINTENANCE of a strong U.S. commitment to post-Cold War Europe benefits both countries. The United States needs to remain strongly attached to Europe, for its own political, economic and strategic interests. Its dilemma, however, is how to stay the boss, while withdrawing. There is no easy answer because Washington has found it easy to welcome a united Europe but difficult to act accordingly.

For its part, France needs a strong American commitment to the post-Cold War Europe in which nationalism, border questions and structural imbalances have been resuscitated. Once again, Europe is characterized by a pivotal and strong Germany, a backward and unstable Russia, and a large number of small, weak states. And again, France and Great Britain are incapable by themselves of balancing German power or checking Russian instability, let alone restructuring the entire European order around a Franco-British axis.

At this point, Europe will go in one of two directions. Either it will be "contaminated" from East to West, so to speak, and find itself thrown back into its bleak past. In this case, resurgent nationalism in the East will eventually sweep away Western Europe's postwar habits of cooperation, codified in the EC and NATO. Or, and this is the most hopeful route, stability in Western Europe will eventually gain in the East, as a result of preserving West European cooperation and strengthening both the EC and NATO.

While the outcome of this process of transition is by no means assured, it is crucial for Europe's future to do everything possible to consolidate the continent's only poles of stability: the EC and the alliance with the United States. Both must be seen as complementary; indispensable tools for avoiding an anarchic reshuffling of Europe's map along purely nationalistic lines.

European unity and a strong U.S. commitment to European affairs remain perhaps more vital to French national interests in post-Cold War Europe than they were during the era of East-West confrontation from which they were derived. Unfortunately, it is not clear that the Maastricht treaty, which ought to have adjusted the Community to the new geopolitical realities of Europe, has succeeded in doing so. It is more likely that the opportunity has been missed and Europe will have to go back to the drawing board at some point.

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Both the United States and France have a paramount interest and a key role to play in adjusting the Atlantic alliance for the new era. This calls for—in parallel to the ongoing work in NATO, the WEU and the EC—an urgent political-strategic negotiation between France and America on the following items.

—How to reform the alliance with the objective of preserving a strong American role while creating within that framework an indispensable European military structure. What are the long-term intentions of the United States, in respect to U.S. troop levels and to the possible evolution of command mechanisms between NATO and the WEU?

—What can France contribute to NATO's new strategy of "reconstitution," in particular in terms of availability of French territory and facilities ?

—How can the United States and France contribute effectively in the nonproliferation field, particularly as catalysts for a Europe-wide effort on enlarged air defense?

Finally, both France and America have a special responsibility in opening a dialogue on the future of nuclear deterrence in Europe. The future of European security will continue to depend on a close partnership between the United States and Europe, and the United States and France. Both countries bear a responsibility to show imagination, political will and a sense of vision for their common future. The price of failure is simply too great to miss this rendezvous with history. ✍

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SALVAGING THE G-7

G. John Ikenberry

Building a Post-Cold War Architecture

WITH THE COLLAPSE of the Soviet Union a critical test facing the world is whether the liberal democratic states can build cooperative relations in the absence of a unifying threat. The answer so far is not encouraging. Economic coordination and collective action among the major industrial powers are rare these days. The problem is not just one of coordinating economic policy but also of laying a new political foundation for post-Cold War cooperation. The world stands at the brink of a new era and its major statesmen in Europe, Japan and the United States are having trouble with the "vision thing." Their inability to grapple with post-Cold War architecture constitutes an enormous failure of imagination and responsibility.

What currently passes for policy coordination is the so-called Group of Seven process of the largest industrial democracies. As a mechanism for synchronizing economic policy to exert leadership over the world economy, this process is largely a failure, so much so that at this year's World Economic Forum in Davos, Switzerland, the noted economist C. Fred Bergsten remarked that "the G-7 is dead."

The absence of meaningful policy coordination stands in stark contrast to the pomp of annual G-7 summits. Year after year the leaders of the United States, Germany, Japan, France, Great Britain, Canada and Italy meet in a ritualized photo opportunity. A huge intergovernmental operation churns out bland official communiqués that paper over dysfunctions in the global economic system, or vague joint commitments to growth and prosperity that substitute for actual accord. Such shallow protocol is inadequate for dealing with real tensions arising from trade conflicts, global economic malaise or alliance burden-sharing.

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It is ironic today that trilateral relations are so poorly maintained. For the first time the great industrial powers are all market-oriented democracies; never before have the world's leading states shared so many political values and interests. History tells us that the relations among liberal democratic states are fundamentally different than those between liberal and nonliberal states. It is not that relations among liberal states are always benign and devoid of conflict, but rather that war or the threat of war between them is so unthinkable. The potential for building institutions of ongoing policy coordination is unprecedented, which makes the failure of the current G-7 process all the more glaring.

At this summer's summit in Tokyo the issue of G-7 reorganization will surely be on the table—and this comes just in time. The opportunity exists to create a kind of liberal great power "concert" in which G-7 countries organize to coordinate collective responses to economic issues as well as pressing security and environmental problems. The G-7 countries account for 64 percent of world GNP; they are the leading sponsors of the world's dominant multilateral institutions. The world's most prosperous nations must finally undertake a process of substantive policy coordination, not merely to shepherd the global economy but also to devise a stable political order for the post-Cold War world.

Growth of an Ad Hoc Process

THE CURRENT G-7 PROCESS is an ad hoc set of arrangements that has evolved over several decades. It is a reactive accumulation of consultations that usually springs to life only once a crisis has begun. In the months preceding the annual G-7 summits, talks intensify among deputy foreign and treasury ministers and subcabinet functionaries. But these officials have little capacity to make or keep agreements. Consultations focus narrowly on monetary and exchange rate issues, and the process has little institutional memory or impetus for developing common ideas to broaden trilateral cooperation.

The process began in 1975 in the aftermath of the first oil shock and the breakdown of the Bretton Woods system. The G-7 became important as the postwar economic institutions—particularly the International Monetary Fund—became less relevant. After 1973, with the breakdown of the gold-dollar standard, the IMF was largely removed from exchange rate coordina-

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tion, and the G-7 worked episodically in its place, although not very effectively. At first, G-7 summits were informal and unstructured, with government leaders discussing common economic problems with little staff assistance or follow-up. Summits achieved little in the way of consistent and ongoing policy cooperation, and there was no serious effort to make the G-7 a permanent mechanism for coordination.

In the 1970s the high watermark of G-7 summitry was the 1978 Bonn summit. There, the United States made a commitment to decontrol domestic oil prices in exchange for German and Japanese assurances to attempt to reinflate their economies. Britain and France also signaled their resolve to break deadlocks in the Tokyo Round of talks on the General Agreement on Tariffs and Trade (GATT). G-7 leaders were thus able to make commitments to policies that they already essentially favored, allowing them to return home with added political capital to face down domestic opposition and bolstered by the news that they had secured "concessions" from counterparts abroad.

In the 1980s these summits became highly formal and scripted, and their agendas expanded to include security and regional political issues. Initially the Reagan administration showed little interest in policy coordination, as the United States and other leading industrial countries pursued widely divergent macroeconomic policies. Despite large deficits, the United States maintained a loose fiscal policy; Japan and Germany, despite large surpluses, kept fiscal policy restrained.

As the dollar appreciated and monetary and trade imbalances grew, however, American officials eventually desired to activate the G-7 process. In a series of joint agreements the leading industrial states sought to bring the dollar back into line and to stabilize the world monetary system. By mid-decade the G-7 had moved to the center of these intensive efforts. The 1985 Plaza Accord on the stabilization of exchange rates ushered in a new phase in G-7 attempts at economic cooperation. It was followed by a similar agreement in 1989 at the Louvre.

There is genuine debate over the success of the G-7 process as it relates to these concerted exchange rate interventions in the latter 1980s. There is no doubt, however, that macroeconomic policy coordination has been episodic and fleeting and that the G-7 has failed to evolve into an ongoing institution for dealing systematically with broader global economic and political issues.

Since last summer's Munich summit, dissatisfaction with the G-7 machinery has grown louder. Last fall British Prime Minister

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John Major circulated a confidential letter to the other heads of state calling for a shakeup of the annual meetings in order to reestablish the G-7's role in providing leadership over the world economy. At the London meeting of finance ministers in March 1993 German Finance Minister Theo Waigel also advanced ideas to strengthen the G-7 structure, including more frequent ministerial level meetings and closer cooperation with the IMF.

Obstacles to G-7 Cooperation

THE MOST SERIOUS obstacle to G-7 cooperation is the inability of the major industrial states to make hard economic choices at home. Each government's emphasis on dealing with seemingly intractable domestic problems—slow growth, public debt, structural unemployment or vulnerable governing coalitions—constrains joint efforts to stimulate global economic growth or to manage monetary and trade relations, preventing G-7 governments from pursuing disciplined and synchronized fiscal and monetary policies.

Policy coordination is also hampered by the difficulty of the United States and Japan in working with a European Community undergoing radical transformation. The EC has become a multiheaded entity that is hard to negotiate with or to fit into traditional diplomatic channels. The problem is in part institutional: it is difficult to develop routine relations with various EC organizations while working with individual European governments. But it is also political: it is not easy to build better trilateral relations while Western Europe is preoccupied with its own unification. EC member-states are not even coordinated enough among themselves to advance consistent positions and, once a common policy is achieved, it is often rigid, fragile or nearly immutable in negotiations.

Another difficulty is rooted in America's own foreign policy inclinations. The United States has traditionally been ambivalent about conducting its relations through unwieldy multilateral venues, especially those it cannot dominate. This longstanding preference for bilateral over multilateral relations only intensified during the Bush administration. Many American officials are still not fully convinced that the United States is better off trying to work on a trilateral basis. They cling to the notion that it is probably more advantageous to work America's Pacific and Atlantic flanks separately.

Perhaps the greatest obstacle to cooperation is the failure to

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recognize the power of the social, cultural, civic and economic bonds that bind the West together as a single political order. The key step to improving G-7 relations is the development of a proper understanding on both sides of the Atlantic and Pacific of what the West is. It is not simply a collection of industrial democracies but rather, quite literally, one industrial democracy stretching from Tokyo to New York to Frankfurt. To get beyond the obstacles to greater cooperation, however, will require more than a recognition of the fundamental, underlying unity of the industrial democratic world. It will also require a clear and persuasive articulation by the leaders of the West.

Institutional Reform

THE KEY objective of any effort to reform and upgrade G-7 mechanisms is to build structures for continual and routine policy coordination. A good first step is to de-emphasize the annual heads-of-state summits and to develop a council process that truly encourages joint policymaking.

Such an intergovernmental institution—if it is to succeed—must be crafted to reinforce the shared interests and values of G-7 nations. Toward this end, the institutional foundations of the G-7 process itself must be bolstered. A G-7 Secretariat and a Council of Ministers should be created, as well as a range of intergovernmental and private sector consultative bodies. The goal is to widen and deepen the G-7's institutional infrastructure for consultation and agreement.

The establishment of a G-7 Secretariat has both practical and symbolic purposes. The secretariat would consist of a small staff of policy specialists drawn from participating governments and dedicated to analyzing common problems and recommending joint policy action. Its purpose would be threefold. First, the staff would constitute a source of information and policy-oriented expertise dedicated entirely to trilateral economic and political relations. Such expertise is currently scattered in individual government offices and in the research bureaus of the IMF and the Organization for Economic Cooperation and Development (OECD). Second, it would gradually seek to develop common ideas and orientations and, by so doing, facilitate G-7 policy coordination. Finally, the secretariat would provide the G-7 with an institutional memory. The elected leaders of the G-7 countries change frequently, and the secretariat would play a key role in maintaining continuity of purpose.

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Only with a common intellectual framework can the G-7 countries shape agreements that can be sustained and monitored. The secretariat would be a vehicle for fostering policy development—an institution where G-7 policy staff could register views, generate and pool statistical and other empirical information and shape, where possible, common policy orientations. It would concentrate G-7 analytic capabilities and enhance routine exchanges among participating governments, providing a place where policy options and initiatives could be honed and then presented to G-7 leaders.

"Only with a common intellectual framework can the G-7 countries shape agreements that can be sustained and monitored."

The specific institutional character of the G-7 Secretariat, and its links to other functional organizations, could take several different forms. The staff could be recruited independent of the G-7 governments or composed of individuals posted by government ministers or other leaders. Regardless, the G-7 Secretariat would nurture its links to other international organizations, particularly the IMF and OECD. These organizations already have certain analytic and monitoring capabilities, and efforts should be made to develop shared capacities.[1]

The other major institutional creation would be a G-7 Council of Ministers.[2] This council would consist of the leaders of the seven governments and the appropriate department representatives. The heads of state would meet on an annual basis, as they now do, and foreign and treasury ministers would meet at least twice a year. The G-7 Secretariat would be the administrative unit assigned to support the work of the council, providing research and planning, studying problems and recommending policy.

The G-7 Council would be modeled on the EC Council of Ministers, the main decision-making institution of the Community. Membership on the EC Council, which is composed of cabinet-level ministers, varies according to the subject under

[1]The IMF, for example, has responsibility for monitoring exchange rate policies, and the OECD monitors overall economic trends and policies within the larger set of industrial nations.

[2]The idea of a G-7 Council has been proposed by others. See *The Summit Process and Collective Security: Future Responsibility Sharing*, Washington (DC): Group of Thirty, 1991.

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discussion. The G-7 Council would be composed of foreign and treasury ministers, and its membership would also vary according to topic. Unlike in the EC, however, the G-7 Council would not have voting or decision-making rules; it would not be created by treaty. It would merely be a deliberative body where ministers could make recommendations to the G-7 heads of state.

The creation of a G-7 Council is meant to have both real and symbolic value. Most important, it is meant to be the institutional embodiment of ongoing and routine G-7 deliberations. In contrast to the largely formal and scripted annual G-7 summits, the semiannual meetings of ministers and the more frequent meetings of deputies should be working sessions. Symbolically, the G-7 Council is meant to convey that the seven largest industrial democracies have linked themselves at a ministerial level. Such a body would reinforce the sense that the G-7 nations had found a way to intensify the process of cooperation and routine policymaking across the industrial world.

Finally, a private sector G-7 council could be formed, modeled on the various advisory groups that industrial countries have used in conjunction with periodic GATT talks. This council would provide a consultative group whose central function would be to recommend policy on various issues facing the G-7 Council of Ministers. A private sector council would help bridge G-7 government policy to private trade and financial systems; the problems of cooperation are not simply those between major governments but also between governments and the private sector.

The G-7 Secretariat and Council of Ministers should have a mandate to discuss the full range of global economic, political and security issues and not merely to coordinate monetary and exchange rate policies. For example, the G-7 Council might first take up the topic of economic regionalism. Regardless of the fate of the Uruguay Round, the major industrial countries need to confront the relationship between free trade areas and the global trading system. G-7 nations could formulate a common understanding of the overall goals of the evolving GATT system, discussing norms, principles and institutions rather than negotiating specific trade matters. The G-7 Council could also deliberate on global and regional security issues, becoming a kind of transitional "security council" as Japan and Germany await the time when the U.N. Security Council undertakes the arduous task of granting them permanent seats.

The G-7 Council should work toward the formulation of an Atlantic-Pacific Charter. Such a charter would consist of a state-

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ment of principles and responsibilities shared by the leading industrial democracies. It would be inspired by the Atlantic Charter, which helped lay down the goals of a postwar international order. The Atlantic-Pacific Charter would build on the bilateral declarations that the United States has signed with Japan and the European Community. A more general declaration of Atlantic-Pacific relations would simply begin to articulate the ideas that will guide future G-7 relations.

A Liberal Concert of Powers?

THE GOAL OF G-7 REFORM is ultimately to transform the nature of cooperation among the major democratic industrial countries—to turn an ad hoc and episodic process of economic consultation into a coherent set of institutions that will encourage and support collective action by the G-7 countries. These institutions should put the major industrial democracies in a position to formulate and pursue common strategic goals, ultimately resulting in the creation of a "concert" of liberal democratic powers.

It is not surprising that the end of the Cold War has raised anew the question of how the world's leading powers should relate to one another. In the aftermath of previous dramatic upheavals in the international system—the Napoleonic wars and the two world wars—statesmen were forced to confront issues of global architecture. As before, the imperative is not simply to design institutions to prevent war or manage exchange rates but to find ways to harness the collective power of the major states to address broader global problems. If the claims of liberal democratic exceptionalism mean anything, it is that these nations are embedded in a larger system of relations that links them all. This is surely true of the G-7—nations joined through common economic, social and cultural relations and traditions. In a profound sense they form a civilization. But the political "superstructure" of this Western system is remarkably underdeveloped. The major liberal democratic powers currently consult but rarely coordinate; they lack the capacity to provide collective leadership within and outside the West's own sphere. Only once they do so can the West claim finally to have won the Cold War. ✍

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REDUCING NUCLEAR DANGER

McGeorge Bundy
William J. Crowe, Jr.
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A Dramatically New Situation

TWO ENORMOUS EVENTS of recent years have opened the way for effective worldwide action against the danger of nuclear weapons. The first is the end of the Cold War and Soviet communism. The second is the sharp double lesson of the case of Saddam Hussein: that a rich and aggressive tyrant could get close to building a bomb of his own, but also that his effort could be blocked by effective international action. There is now a real prospect that almost all countries—those with many warheads, those with few and those with none—can come together in a worldwide program to reduce the existing nuclear arsenals and to prevent their further proliferation.

There are three immediate tasks: to execute the large bilateral reductions in U.S. and Russian forces that have been announced in recent years, to assure that Russia remains the only nuclear weapon state among the successor states of the

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old Soviet Union, and to reform and reinforce the worldwide effort to reduce the spread of nuclear weapons by applying the lessons learned in the case of Saddam Hussein.

In a dramatically new situation we must ask ourselves afresh the question that belongs to us all by the basic rules of our society: What should we ask of Washington in its policy and its behavior with respect to nuclear danger? What do present worldwide conditions tell us about what our government's policy should be, and what it should try to achieve, in the rest of this century? We have been led to the following propositions.

The United States should respect the reality that as long as there are bombs, there will be a nuclear danger that is unique in all history. The bomb is uniquely dangerous because it is uniquely destructive—so destructive that in all the conflict and tumult of the Cold War no one chose to use it or to provoke its use by others. That reality must permeate American policy choices even more thoroughly in the future than in the past. It requires intense and continuous effort to reduce the danger that comes from the very fact that the bomb is technically possible. It requires respect and support for those who have responsible control over such weapons. It also requires, at the other end of policymaking, a higher priority than ever for choices that can help prevent the possession of this weapon by international adventurers like Saddam Hussein.

From Opponents to Friends

WHAT UNDERLIES the great new Russian-American arms control measures of the last two years, and gives promise of further progress, is a set of interlocking political decisions and actions that have turned the Russians and the Americans from opponents to friends. Their nuclear competition now has no cause but itself, and both sides, in their actions of the last few years, have shown their understanding that all they need from these weapons, with respect to each other, is clear assurance that neither side will ever be able to achieve, without ample notice, any nuclear advantage that might be considered usable against the other. There is no short road to complete nuclear disarmament, but the road away from superpower confrontation has indeed been opened; the United States and Russia can walk that road together, to their common advantage, as they learn the art of cooperative nuclear moderation under the first and second Strategic Arms

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Reduction treaties (START) and their exchanged announcements of major tactical reductions.

What is also important for the long run, and less often remembered, is that Americans have a parallel absence of underlying political hostility toward all other announced nuclear weapons states. The United States does not think of any of them as potential enemies in war—not the British or the French, self-evidently; not the Chinese because both countries have learned better over the forty years since Korea. The absence of direct hostility between the United States and China does not make that relationship the same as the American relation to England or France, or even Russia, but it is enough to mean that the nuclear danger between them that both have felt in the past no longer exists. Other differences with China persist, but it makes no sense for either side to let such differences prevent cooperation against nuclear danger.

Americans can expect differences with all four of the other permanent members of the Security Council, but not warfare with any. The political changes required to produce a change in this expectation are very large. Before they could have a direct impact on nuclear balance or nuclear danger, there would be plenty of time for any necessary American response in either conventional or nuclear rearmament. The prudent judgment for the present is that it should be both the American purpose and the American expectation that in the 1990s the five permanent Security Council members should continue on their new course of cooperation against nuclear danger. In these matters they are not in hot competition, and there is no underlying political animosity that need prevent them from working together. Pride is another matter; so is greed; so is misunderstanding. Any one of the three can hamper or even prevent cooperation. But the common real interest is to work together against nuclear danger.

The same general rule applies to our nuclear-danger relations with all other countries. Except for a few—perhaps Iraq, Iran, North Korea and Libya—all the world's governments now favor an end to nuclear proliferation. What is true of the five announced nuclear weapon states is true of the three other states that must be judged to have nuclear warheads of their own: Israel, India and Pakistan. Their formal status is a question of some difficulty, but neither their neighbors nor the world can doubt that, in terms of what they could do in des-

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peration, they are nuclear weapon states. Still they are not eager for nuclear competition or open threat, let alone for aggressive use of what they have. They can join in reducing their own contribution to nuclear danger.

Still more clearly on the side of reducing nuclear danger are the scores of states, large and small, that have definitely rejected the course of obtaining their own nuclear weapons. The basic division in the world on the subject of nuclear proliferation is not between those with and without nuclear weapons. It is between almost all nations and the very few who currently seek weapons to reinforce their expansive ambition.

A Doctrine of Defensive Last Resort

ANY AMERICAN first use of nuclear weapons should be governed by a stringent doctrine of defensive last resort, which can also be adopted by all other nuclear weapon states.

As matters stand at the beginning of 1993, there is no vital interest of the United States, except the deterrence of nuclear attack, that cannot be met by prudent conventional readiness—there is no visible case where the United States could be forced to choose between defeat and the first use of nuclear weapons. This is one crucially important meaning of the 1989–91 transformation of Europe.

In the foreseeable future, the American president will be able to accompany support for a doctrine of defensive last resort with the assurance that the president and commander in chief sees no present likelihood of any confrontation that would require this dreadful choice. Indeed the U.S. government has already gone a long way in this direction. A doctrine of last resort was adopted by NATO in 1991, and in the NATO context the word "defensive" can fairly be taken for granted—by its own language the North Atlantic Treaty is a defensive alliance. This new NATO doctrine gives reassurance to all members, both of support and of prudence. It can do the same thing more broadly as a basic doctrine of the United States.

Both nuclear history and present nuclear politics would support a doctrine one step more rigid—a doctrine that nuclear weapons should be used only in response to their use by others—commonly called no first use. This posture was urged by some for NATO when the dominant opinion was that only a

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readiness for first use would deter communist aggression.[1] President Carter moved toward this posture when he declared in 1978 that the United States would never use nuclear weapons against a non-nuclear weapon state unless that state were acting as the ally of a nuclear power. The last clause was aimed at the possible case of an aggressive ally of the Soviet Union; the case lively in memory was that of North Korea in 1950–53. In 1993 the clear priority for American military planners is that they should aim to keep their present capability to deter or defeat a conventional aggressor by conventional means. There is no early danger that this capability will be lost, and accordingly the present leaders can reaffirm the 1978 assurance. Indeed, taking account of the end of the Cold War, they can strengthen it. There is no present obstacle to an American declaration against any use at all of nuclear weapons against a non-nuclear weapon state.

"The clear priority for American military planners is to be able to deter or defeat a conventional aggressor by conventional means."

In recognizing the possibility of a future case in which there might be justification for a use of nuclear weapons in defensive last resort, we are simply resisting the notion that our country can be certain, a priori, that there will never be a case when such use might be the least bad choice. The steady policy of the United States should be to do its part, by arms control, conventional capability and the general worldwide reduction of nuclear danger, to ensure that no such terrible choice ever becomes necessary. All of these lines of action can and should be pursued under a doctrine of defensive last resort.

The doctrine of defensive last resort has one further advantage. It corresponds to the nuclear policy of other nuclear weapon states much more closely than a flat policy of no first use. At present Russian possession of nuclear weapons helps to give the Russians confidence that they do not endanger their homeland when they accept the independence of Eastern Europe and the breakup of the old Soviet Union. As long as the Russians have the bomb, there is little danger of large-

[1]See, for example, McGeorge Bundy, George F. Kennan, Robert S. McNamara and Gerard Smith, "Nuclear Weapons and the Atlantic Alliance," *Foreign Affairs*, Spring 1982.

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scale attack by others on Russia for the decisive reason that no one could expect them to accept any large defeat without resort to the bomb. There is a parallel protection for France in its nuclear capability; without it Paris might be deeply uncomfortable with its larger but bomb-free German neighbor. The position of Britain is less clear-cut, because the surrounding seas protect it from those nearby and because the possible threat from Russia is not only distant but more nuclear than conventional—requiring defense by deterrence, not by a last resort to first use.

But it is not surprising that among the five permanent members of the Security Council only China has declared an unqualified policy of no first use. The Chinese have become confident, after conflicts with Soviets, Americans, Indians and Vietnamese, that they can hold their own against all possible opponents without resort to nuclear weapons except as a deterrent to the nuclear weapons of others. If Americans had only themselves to defend they could make a parallel declaration; no one is going to threaten the United States conventionally on its own territory. But as it is, with contingent obligations overseas and friends who still rely in some measure on its nuclear protection, and with other nuclear powers sharing its caution for their own reasons, it makes sense for the United States to have a doctrine one step broader—a doctrine of defensive last resort.

This doctrine also fits the requirements of the three unannounced nuclear weapon states—Israel, India and Pakistan. The Israeli case is the clearest: the underlying motivation for the Israeli bomb is clearly the reality of vastly outnumbering unfriendly neighbors. The fact that the Israeli bomb is not for casual use is evident both in the desperate conventional battles that have been fought without its use and in the intense Israeli commitment to conventional strength. Evidence on Indian and Pakistani policy is thinner, but the general weight of informed judgment is that each country is governed more by fear than by ambition, and that each feels its nuclear need primarily because of perceived danger from the other. In this situation the immediately urgent requirement is to reduce the level of tension between the two; the first contribution that nuclear policy can make is that of mutually recognized moderation in weapons development and deployment. Sharing in the worldwide adoption of a doctrine of defensive last resort could be helpful here.

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The American interest in a worldwide effort against any use of nuclear weapons is clear and strong, and it is equally clear that it will take visible American leadership to ensure such an effort.

Reducing Nuclear Reliance

WE SUPPORT the new budgetary priorities that reflect the end of the Cold War and the need to attend to domestic concerns, but we also believe it makes sense to keep room, as a matter of the most elemental national defense priority, for a financially solid program of reducing nuclear danger.

American budgetary priorities in action against nuclear danger should be shifted away from U.S. nuclear deployments to support cooperative reduction with Russia, encourage full acceptance of non-nuclear status by other successor states like Ukraine, and reinforce international action to prevent further proliferation all around the world.

The United States should think about all its national actions and expenditures affecting nuclear danger with a recognition that there is no a priori reason to prefer arms to arms control. What is essential is to understand the particular advantages and disadvantages of particular choices and act accordingly.

During the Cold War Americans thought the best way to reduce the Soviet nuclear threat was by a fully matching set of nuclear developments and deployments. Now the best way is cooperative reduction. The last Congress and the Bush administration both took remarkable steps in this direction. Congress, with bipartisan support, assigned $400 million a year, in the Defense budgets for 1992 and 1993, to the task of assisting the nuclear weapons cleanup in the old Soviet Union. The executive branch in 1992 agreed in principle to purchase up to 500 tons of formerly Soviet weapons-grade uranium. These actions had general bipartisan support, demonstrating that there is wide understanding of their contributions not only to arms reductions but to the national security of the United States. They should also be seen as the first steps toward further cooperation, by all the nuclear-capable states, to limit the supply and control the diffusion of fissionable material.

Need for action of this sort will continue and expand. American readiness to help will strengthen the hands of all those in Russia and other successor states who prefer the turn

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against nuclear danger to any more adventurous course. Moreover, actions of this kind, when they provide American dollars for activities in the common interest of reducing nuclear danger, can also be a general reinforcement to the economy of Russia and other affected states, and therefore serve the broader American interest in the political success of democratic and moderate governments.

A quite parallel value attaches to the strengthening of international arrangements for limiting nuclear proliferation. If agencies like the International Atomic Energy Agency are to have wider responsibilities and powers in this field, American reinforcement will be essential, and the more so because both habit and interest will produce strong demands from other states that if the IAEA is to be stronger in enforcement it must also be stronger in its work for cooperation in peaceful nuclear uses. If the IAEA is to get a sufficient flow of information about trade in relevant materials and devices, there must also be reinforcement of the most important single source of information, American intelligence—and indeed such reinforcement has begun.

"The power that backs up any insistence on unwelcome inspection is likely to be insufficient unless the Americans are visibly able and ready to help."

There is a complex question about the possible future role of a separate agency of the Security Council, functioning like the special commission that has been necessary in the case of Iraq. It is not clear that the IAEA, with its inherited ethos of trust in those it monitors, can do all the hard work alone.

What is clear is that if there is to be timely international action against suspect states, there must be readiness to act in the U.N. Security Council, and here American support will be crucial. When there is also need for a U.N. blue-helmet force, it will help greatly if there is a new American readiness to participate. Similarly, if there is to be effective regional action that encourages restraint and penalizes its opposite, there must in most cases be American readiness for a share in such action. More generally, as the case of Saddam Hussein illustrates almost too clearly, the power that backs up any insistence on unwelcome inspection is likely to be insufficient unless

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Americans are visibly able and ready to help. Fortunately it is probable that very few cases will be as sharp as that of Iraq. What is largely missing so far on the American scene, and greatly needed, is a major effort, always including leaders from both parties, to make it clear to the American people that U.S. assistance of this kind is as much a matter of attending to nuclear danger as any direct payment for American nuclear weapons systems. The funds for such work should somehow be considered a part of a national budget against nuclear danger, because treating them in this way will make clear not only what they are for, but how moderate they are in comparison with the tens of billions the United States will still be spending on all aspects of American nuclear weapons even as such forces are reduced.

Phasing Out Nuclear Testing

THE UNITED STATES can strengthen its own effort against nuclear danger by durable changes from its past policy on such matters as testing and strategic defense.

The problem of nuclear testing presents both an obvious opportunity and a somewhat less obvious difficulty for the United States. The comprehensive test ban has been debated for more than thirty years. In principle the United States has supported it, but in practice the Cold War produced nuclear fear and competitiveness that prevented agreement. Now, with the end of the Cold War and the beginning of nuclear moderation, the United States does not need tests for new warheads with either larger or smaller capabilities than those it now has. America's present large-yield warheads are quite destructive enough, and at the lower end of the scale it would do much better to seek conventional weapons with improved accuracy and penetration.

It is excellent that the Bush administration in 1992 ruled out nuclear weapons tests for new designs, and it is wrong for anyone to encourage the nuclear weapons laboratories to seek support for such designs, except for safety improvements. Programs of this kind, indeed, would sharply weaken the American effort to reduce nuclear danger. They would make it plain to the rest of the world that the U.S. policy of reduced reliance on nuclear forces was for export only.

In this situation the most important past arguments against a comprehensive treaty fade, and the historic arguments in its

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favor come to the fore: it will help limit the spread of weapons; it will help dampen the competition among those who already have warheads.

More generally, the end of testing has been an asserted objective of all members of the Nonproliferation Treaty for almost twenty-five years. In that time the United States, which has always found reasons of one sort or another for resisting a ban, has come to be perceived as deliberately hostile to an objective it formally accepted as part of the bargain struck between states with and without nuclear weapons in that treaty. There is therefore a considerable political cost in any continued American opposition to a comprehensive test ban.

For all these reasons we support the emerging U.S. policy of 1992: a phased approach to an internationally agreed end of testing during this decade, an approach that permits a limited number of tests in the 1990s, with the primary objective of safety. In this period overall safety will also be improved if the deep reductions of START II are carried out as scheduled, because many present concerns about safety center on warheads that will be retired in these reductions; in this sense nuclear arms reduction is itself a contributor to weapon safety. For remaining nuclear weapons the most important safety goals can be achieved by the cut-off date, September 30, 1996, that was enacted by Congress late in 1992.

It may well be true, as partisans of testing often argue, that American testing is not a cause of nuclear ambition in a leader like Saddam Hussein; such leaders will want the bomb, if they can get it, with or without American underground tests. But the comment misses the real point: a great many people, in many countries, who are strong believers in a common effort against nuclear danger, have learned over a long period to put a test ban high on their list of priorities, and to measure the seriousness of the nuclear weapon states by their readiness to support such a ban. The United States does not need new nuclear capabilities, and it would strengthen its position among people whose help it needs by supporting a nuclear test ban.

Still a limited and temporary exception for safety testing makes sense. The safety of nuclear weapons is a common interest of all states, and since we cannot expect an early end to the current stockpiles—only their steady and sober reduction—limited safety testing is justified to reduce real concerns about warheads remaining in the stockpile. A limited and tem-

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porary exception for underground safety testing will not seriously affect the prospects for a comprehensive test ban treaty, especially if the safety testing is conducted as openly as possible so that the international community of nuclear experts can be assured that safety is indeed the object of such testing.

The need for safety tests is not good news for those who have both a deep commitment to early achievement of a complete test ban and a long experience of delays defended on the ground that there was this or that continued justification for testing. But the reality is that some American weapons are not as safe as they could and should be. They can be made properly safe, but not without some time and some tests. While the 1996 cutoff in the new law does not hold if a foreign state tests after that date, it is a reasonable deadline for American safety testing. The passage of this conditional test-ban legislation is a landmark showing the new post-Cold War priorities of the American government.

"The United States does not need new nuclear capabilities, and it would strengthen its position among people whose help it needs by supporting a nuclear test ban."

A comprehensive test ban extending over generations would eventually bring a gradual erosion of confidence in the reliability of remaining nuclear warheads. (Reliability in this context means dependable explosion on command; it is not the same as warhead safety.) This would present new issues, and the proper response will depend on the degree of progress that has been made by then in reducing both nuclear danger and the traditional reliance on nuclear deterrence of high technical precision.

The congressional action of 1992 has laid the basis for U.S. leadership in reaching a comprehensive test-ban treaty while also attending to real problems of safety. Such a treaty, much more than a fragile moratorium, will weigh against proliferation, and indeed against enlargement of nuclear arsenals.

Strategic Defense

THE CASE OF STRATEGIC defense is one of the best examples of the requirement that we respect the realities of nuclear warheads. There is a recurrent tendency to

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ask technical experts to do more than nature permits—to make us safe, by science and technology, from what science and technology have made possible. Sometimes technological enthusiasts contribute to the confusion by advertising more than they can deliver. The case that is currently relevant is that of strategic defense. There really is no present prospect that all-out defense can outrun all-out offense in nuclear warfare, because of one simple reality: the overwhelming destructiveness of every single nuclear warhead. A kill-rate of even ten percent will defend you against ordinary aircraft with ordinary bombs—the largest bomber force will fade in a month of such continued attrition. But with nuclear warheads a kill-rate of 90 percent—extraordinarily hard to achieve—is wholly inadequate. Even 95 percent is not enough: for the smallest American and Russian forces in sight at the end of the century, it could mean some 150 warheads on homeland targets. And no one is now asserting that a defensive force of this quality is possible by any technology at all.

Once overall strategic defense is put aside as currently impossible—which is in reality what the U.S. government has already done in the last two years—one can address more realistically the question of what should be done.

The United States can keep a sharp eye out for some real possibility of a technical revolution between strategic offense and defense; prudence requires no less, and the United States should not allow its bad experience with the Strategic Defense Initiative, as originally advertised, to make it imprudently inattentive. It can also sustain an active and flexible program consistent with the Antiballistic Missile Treaty of 1972 on the less difficult but still demanding mission of defense against limited strikes. In regional conflicts such defenses can have both practical and psychological value against short-range missiles with less-than-nuclear warheads, and the development and production of such systems can proceed in accord with the ABM treaty. There are still many outstanding questions about the potential effectiveness of nationwide defenses against only one or a few nuclear-armed missiles of intercontinental range launched, perhaps, accidentally. These can be addressed by a treaty-consistent research program. But effective defense against a large force of nuclear-armed missiles would require a wholly different level of effectiveness simply because of the requirement of a kill-rate near 100 percent. A gulf of ignorance and uncertainty still separates the United States from

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any prospect of a defensive capability that would make it useful to seek a change in the ABM treaty. It is important to remember that a basic principle undergirding the strategic reductions of recent years is that any nation remains inescapably vulnerable to a large-scale attack. It is hard to accept this reality, but not so hard to see that all one can get from imperfect defense is the same situation with multiplied costs and fears.

Lowering Weapons Deployments

THE U.S.-RUSSIAN REDUCTIONS now under consideration should not be seen as the end of the road; in the long run Americans should work for still further reductions and improvements.

There is no higher priority for the reduction of nuclear danger than the orderly execution of all that is promised in START I and II and in the 1991 exchange of unilateral assurances on tactical warheads. Over the next few years the execution of these agreements and assurances should have operational priority, but the resulting level of 3,000–3,500 strategic warheads on each side should not be accepted as permanent. Any such acceptance, over time, could pin both sides into levels of expense that would be undesirable in themselves and destructive in their impact on the political relations between the two powers.

If we should disregard the present size of the two great arsenals and simply ask ourselves what is the lowest level of strategic strength, measured in warheads, that would give both sides ample assurance, both against nuclear attack and against the other side's breakout to any significant strategic superiority, we would not come out with the currently agreed range. That range reflects an understandable respect for existing habits of targeting, indeed for existing targets, that will not survive the changes already in prospect.

It may be better to examine the long-run prospects for lower warhead ceilings by a fresh start upward from zero, with ample safety factors. Assume that the United States will want to be able to hit both military and industrial targets, while keeping substantial forces in reserve and having insurance against losses from a surprise attack. The table on the following page shows two alternative force levels for these purposes.

If the reductions now being considered are carried out suc-

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cessfully, the United States and Russia may well be ready by the year 2000—and perhaps sooner—to go to still lower levels. Numbers like these might raise a question, in Moscow or Washington or both, about the comparative strength of British or French or Chinese forces. All three in 1993 appear to be headed upward, toward numbers of strategic warheads in this same general range. But there is nothing immediately troubling here. If a continuing improvement in superpower nuclear relations permits the big two to agree on such reductions five or ten years from now, there may well emerge a parallel preference for reductions elsewhere, but it may also become necessary for Americans and Russians to accept forces in those countries that become relatively larger as time passes. Any resistance to such a relative change would be based more on habits of thought than on true national interest. Happily there is some evidence from the events of recent years that nuclear moderation can be as contagious as nuclear competition was in the Cold War years.

To some arms controllers, even these reductions will seem like slow work. We can only remark that as it took time to get ourselves burdened by these enormous forces, so it will take time—though much less—to cut them back. Nor is 1,000–1,500 warheads the lowest level obtainable by the early 21st century. Our concern here is simply to make it clear that there is no good reason to accept the much higher targets of 1992 as the best that can ever be done.

The true interest of both sides is that each step toward lower and less threatening deployments should be seen as a step forward by healthy majorities on both sides, so that nuclear moderation remains, for both, as it was in 1992, a broadly

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Number of Strategic Warheads

	ALTERNATIVE 1	ALTERNATIVE 2
Military Targets	200	300
Industrial Targets	200	300
Reserve	100	150
Doubled for Insurance Against Surprise Attack	500	750
TOTAL	1,000	1,500

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popular policy. In particular America should avoid the temptation to use a season of great Russian economic stress to drive for one-sided advantages, either by negotiation or appropriation. At any levels now in prospect such marginal advantages would have no real value, and their political damage could be serious. Complaints against such "advantages" supposedly gained by the other side have helped hard-liners to gain strength in both countries in the past. A time of general political success is not a time to risk that success by making the mistake of "piling on."

Finally, reductions in warhead numbers are not the only means of nuclear restraint. The same broad objectives can also be served by reducing vulnerability, improving controls, avoiding destabilizing surprises and making a broad attack on controlling and limiting weapons-grade material.

Immediate Steps and Long-Term Progress

MODERATE AND IMMEDIATELY practicable courses of action like those recommended here for the reduction of nuclear danger must also be held to the test that they should contribute to the prospect of still larger progress over the longer term.

The question could be raised, why not go further? Can we not roll back or even end the nuclear programs of some existing nuclear states? Can we not insist that there must be absolutely no first use of these weapons by anyone, especially ourselves? Can we not get to numbers of warheads, even in the United States and Russia, that are well below the four-figure levels we have considered? Can we not, perhaps, revive the old notion of putting all nuclear weapons in the hands of an international agency? Could a properly arranged monopoly be operated by a selected government or governments on behalf of the United Nations? Should we not, in short, be more bold?

We have two answers to this set of questions. First, by the standards of the past and by what we know of the ways of nations, our proposals are more demanding than cautious. We are asking for a sustained and genuine partnership of the nuclear superpowers in a shared program of national reduction, and of proliferation avoided in the other countries of the old Soviet Union. We are also proposing that the United States call on all others to join in giving a new worldwide pri-

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ority to the avoidance of further nuclear proliferation. We have argued that the nuclear moderation of every existing nuclear weapons state will be critical to any such program.

Second, these short-term efforts must always be consistent with further progress later toward the further reduction of worldwide nuclear danger. We have examined all our proposals by this test, and they all make further steps easier, not harder. In particular it is right to urge greater strength for international agencies, greater use of open formal agreements governing numbers, safeguards and disclosure, and lower reliance on the threat of nuclear warfare.

More generally it is right to begin to displace the inherited distinction between those with weapons and those without by a wider assertion that in reality all the nations should be on the same side, against nuclear danger, whatever their present degree of reliance on nuclear weapons. This last proposition is so clear and strong that a steady respect for it is the best single guide to action for any country, both now and in the long run.

In their actual behavior recent presidents and Congresses have done much to reduce the level of nuclear danger in the world, but they have done much less well in explaining and winning support for the new policy of partnership against that nuclear danger that they have joined with foreign leaders to begin to create. Effective future action will require a stronger policy of public explanation from American political leaders than ever before. ✍

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Review Essay

THE DECLINE AND FALL OF ALMOST EVERYTHING

Paul Kennedy Peers Into the 21st Century

James Kurth

PREPARING FOR THE TWENTY-FIRST CENTURY.
By Paul Kennedy. New York: Random House, 1993, 428 pp. $25.00.

The most significant book on international affairs published in the late 1980s was Paul Kennedy's The Rise and Fall of The Great Powers. The magnum opus of a distinguished diplomatic and strategic historian, it was also the exemplary statement of what some critics termed the "declinist" school, which pointed to signs that the United States might be following in the downward path that Britain had taken a century before.

Now, a half-decade later, we have Kennedy's new book, *Preparing for The Twenty-First Century*, a work not so much of history but of prophecy. It is likely to be seen by critics as carrying declinism to its logical conclusion, as a work not about the rise and fall of great powers but about the decline and fall of practically everybody. Indeed its conclusion could be simplified: the great global changes underway are likely to weaken all nation states and steadily impoverish most of humanity. In fact, however, Kennedy meant for both his books to provide suggestions to nations, particularly the United States, and to their political leaders about how to avoid the worst.

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Unveiling The Future

KENNEDY BEGINS by recalling Thomas Malthus and his famous and pessimistic "Essay on Population," which prophesied that a population explosion would imperil England's future by the early nineteenth century. Indeed that essay, published in 1798, could well have been entitled "Preparing for the Nineteenth Century." Kennedy takes the reader on a *tour d'horizon* of the great transnational forces now shaping, and disrupting, the world: the demographic explosion, causing not only massive population growth in poor countries but also massive emigration to rich ones; the globalization of financial transactions and multinational corporations; the transformation of agriculture, especially under the impact of biotechnology; the transformation of industry, especially under the impact of robotics; and the destruction of the natural environment. What Kennedy does to these oft-discussed trends is integrate them into an interacting and reinforcing drama.

Kennedy approaches the Malthusian question with the distinctive insight of a historian who sees both what is similar and what is different about Malthus' time and ours. Both Malthus and Kennedy point to a population explosion at the end of their respective centuries. In itself, this might suggest that population explosions are a rather familiar, and therefore not very frightening, problem, one that is likely to be overcome again with technological progress. But while Malthus was eventually proven wrong, it took the monumental changes of the nineteenth century—such as massive emigration from Europe, the great increase in agricultural productivity, and above all the Industrial Revolution—to refute him. This time, Kennedy observes, the technological progress is occurring in a different place—the rich nations—than where the population growth is occurring—the poor ones. This trend puts the poor nations at a double disadvantage, and the energetic youth of the Third World have already begun crowding the shores of the First World, with its aging populace.

Population growth without industrial growth will result in even more immigrants surging into the rich countries, reproducing within the nations of the North the division between the old rich and the young poor. Unlike the great nineteenth-century migrations, which were largely into new lands rather than old societies, today's immigration into settled societies is

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likely to be much more disruptive. Indeed, Kennedy's analysis becomes even more pointed if we consider some examples from a century ago that he does not mention. In the few cases where immigrants did flow into old and settled countries, the eventual political reaction was dramatic and draconian, as when Slavic and Jewish immigration into Austria-Hungary and Germany produced widespread racism and paranoia among the German and Magyar populations. It is not an exaggeration to say that what Fritz Stern has called "the politics of cultural despair" that engulfed Europe in the early twentieth century was largely rooted in a sense of demographic despair.

By introducing divisions within states and removing resources from their control, the transnational changes that Kennedy outlines make nation states far less effective than before in meeting new challenges or even in performing old tasks. The conventional view is that the erosion of nation states is giving rise to powerful international regimes, which will outperform states. Kennedy, however, appears to see the nation state, with all its flaws and weaknesses, as the only effective state that we have. (One might say that the nation state is the worst form of government—except for all the others.)

It is at this point that Japan assumes a central role in the Kennedy drama. Although it will obviously be affected by transnational forces along with everyone else, it has the capacity to be less negatively affected and even to achieve certain benefits. With the most homogenous population and the most restrictive immigration laws of any major nation, Japan is better able to insulate itself from the migration spillover of the population explosion. With its educated populace, high savings rate and the largest robotics industry in the world, it is also able to support its aging population with the automated production of robots rather than the labor of young immigrants.

Kennedy's account of Japan is mirrored in his inventory of the United States. The United States is often the polar opposite of Japan in crucial respects. With the most heterogeneous population and the most liberal immigration laws of any major nation, the United States is likely to receive the full force of immigration flows. With its low savings rate and its large pool of unskilled labor, it has abandoned what little robotics industry it ever had. With its increasingly unskilled and uneducated population, it is not able to meet the

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demands of high-technology and high value-added industries for productive workers.

While Japan might be considered the most "perfect" example of a classical nation state, the United States is in many ways no longer a real nation state but rather is becoming a sort of multicultural regime. In regard to the capacity to bring forth political leaders, however, Kennedy believes that Japan and the United States have something in common: he is skeptical about the leadership potential of both.

What If He's Wrong?

ALMOST A CENTURY ago in 1904, another British scholar, Halford Mackinder, published his famous and pessimistic lecture, "The Geographical Pivot of History," which could well have been entitled "Preparing for the Twentieth Century." Mackinder argued that the sweeping international trends of his day—the great expansion of quick and cheap means of land transportation and the increasing importance of large landmasses inhabited by large populations—meant that the era of naval power had come to an end, to be succeeded by the era of land power. The result would be the decline of Britain as a world power and the rise of the greatest power on the Eurasian landmass—either Germany or Russia—to be the dominant power of the world.

Like Malthus before him, Mackinder was of course eventually proven wrong; neither Germany nor Russia became the world's dominant power. But in another sense, Mackinder was right. It took the monumental events of the twentieth century—the First World War, the Second World War and the Cold War—to refute him. Each of these three wars was fought to prevent Mackinder's prediction from becoming true, and it took 75 years, 45 million lives and trillions of dollars to do so.

Kennedy's predictions about the forthcoming century could come to share the fate of Malthus's and Mackinder's about their respective centuries. He may be wrong that the great transnational trends of our day will bring about a decline in the power of almost every nation state and in the quality of life of almost every human being. But to prove him wrong may require great conflicts and great catastrophes that are as unanticipated and unimaginable now as were the conflicts and catastrophes of the twentieth century to Mackinder and his contemporaries.

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The three world wars of this century were fought the way they were because nations—especially Britain and the United States—and their political leaders actively, even heroically, resisted seemingly inexorable international trends. At certain points, the conjunction of political will and material resources enabled the United States to reverse or rather, transcend these trends.

The United States turned out to be capable of combining the strengths of both the naval and the land epochs. With its strategic location between the Atlantic and Pacific oceans and with its landmass and population on a continental scale, the United States achieved a versatility and flexibility in world politics that Mackinder could not anticipate. It was its political leadership, however, that enabled the United States to combine the best of both epochs (as it did in two world wars), rather than falling between them (as in the isolationism of the interwar period).

"To prove Kennedy wrong may require great conflicts and great catastrophes."

In addition, the American invention of the airplane (as it happened, only two months before Mackinder gave his lecture proclaiming the superiority of land power) and later the American development of the nuclear bomb made it possible for the greatest land power, Russia, to be deterred and contained by the greatest air power—another outcome that Mackinder could not foresee. Again, however, it was political leadership, as well as a good deal of unpredictable luck, that enabled the United States and the world to traverse the unknown and dangerous territory of the nuclear age.

In the 21st century similar conflicts may come about because nation states and their political leaders will resist the great transnational trends. Some such possibilities have already been suggested. A century ago a period of labor mobility and massive immigration was succeeded by a period of labor immobility, exclusionary laws and ethnic hostilities. Even the United States imposed sharp restrictions on immigration for almost half a century, from the early 1920s to 1965. There is every likelihood that in the next few years the European and East Asian nations will reimpose new restrictions on immigrants from outside their own regions and cultures. The means may be formal and legal (as in Japan today and Germany

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soon), or they may be disorganized and violent (as in Germany in the last two years), or they may be organized and murderous (as in Germany, Austria and Hungary in the first half of the twentieth century). Which path is taken will, in large measure, depend upon the capacities and choices of political leadership.

Changes in the transnational flow of migration could affect the transnational flow of finance. In the past, the closing down of the free movement of labor often correlated with the closing down of the free movement of capital. Periods of capital mobility and massive international investment have been succeeded by periods of capital immobility and restrictive national regulations. The increasing economic interdependence of the European Community could be contained, or even reversed, over the next few years by political imperitives to reimpose control over national economies.

Even the problem of poor countries having insufficient means to purchase the products of rich ones, which Kennedy sees as a new problem, is actually an old and familiar one. In the late 1920s and 1930s, the rich countries of the day—the United States, Britain and France—dealt with this problem with narrow self-interest and limited imagination. The result was a catastrophe, the Great Depression. In the late 1940s and 1950s, the richest country of the day—the United States—dealt with the same problem with enlightened self-interest and creative imagination, and the result was a half-century of prosperity, at least for the industrial nations of the North. Perhaps in the future there can be an analogous act of political imagination, a grand bargain between the rich nations and the poor ones, which would use the technology of the rich to bring about both the upgrading of the education and skills of the poor and the implementation of the environmental standards of the rich.

It was out of the great catastrophes of the twentieth century that the great political leaders of our times came forth. Some of these leaders (Lenin, Stalin and Hitler) brought about even greater catastrophes. Some of them (Roosevelt and Churchill most obviously, but also Truman, Marshall and Eisenhower), however, brought about solutions of a sort. The relationship between great catastrophes and great leaders has been true of every century, and it will be true of the 21st century as well.

The best way—for both a nation and a person—to prepare for the 21st century will be what has always been the best way

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to prepare for uncertainty. That is to rely not so much upon the outer supports of plans, programs and policies but upon the inner strengths of character—resiliency and resourcefulness, discipline and cooperation, endurance and courage, and, perhaps above all, faith and hope.

When one thinks of the United States today, these are not the qualities that first come to mind; indeed, the very idea of character hardly comes to mind at all. These were, however, the qualities that other nations often ascribed to Americans at the beginning of the twentieth century, and it was these qualities—often embodied in the great American political leaders—that made a good part of that century into the "American Century." When Americans try to prepare themselves for the next century, they can perhaps best do so by recovering those qualities of character that prepared them so well for this one. ✍

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RECENT BOOKS ON INTERNATIONAL RELATIONS

General: Political and Legal

Andrew J. Pierre

NEGOTIATING SURVIVAL: FOUR PRIORITIES AFTER RIO. By Richard N. Gardner. New York: Council on Foreign Relations Press, 1992, 90 pp. $10.95 (paper).

As the experienced author notes, the 178-nation Rio Conference on Environment and Development did not turn into the anticipated "great shoot-out in the eco-corral," but a more complicated process involving both important forward steps and missed opportunities. This insightful, behind-the-headlines analysis of what transpired puts the record of the Rio conference into a useful perspective by asking: Where was the international community in dealing with these global issues before Rio, and in what direction does it need to go? Four issues are examined: managing the population explosion, financing environmental activities, lawmaking on such subjects as desertification and biological diversity, and institution-building, as in the case of a Commission on Sustainable Development to be put under the aegis of the U.N. Economic and Social Council. In each case, Gardner explores constructive and realistic new directions to be taken after Rio that could bring about more effective international action in managing the global environment.

THE UNITED NATIONS IN THE 1990s. By Peter R. Baehr and Leon Gordenker. New York: St. Martin's, 1992, 202 pp. $45.00 (paper, $16.95).

TO UNITE OUR STRENGTH: ENHANCING THE UNITED NATIONS PEACE AND SECURITY SYSTEM. By John M. Lee, Robert von Pagenhardt and Timothy W. Stanley. Lanham (MD): University Press of America/Washington: International Economic Studies Institute, 1992, 180 pp. $46.50 (paper, $18.50).

As the bipolar system has dissolved and international issues have become more fractionalized, countries are increasingly turning to the United Nations to help resolve problems. Despite its title, the Baehr and Gordenker work does not say much about the potential for the United Nations in this decade and breaks little new ground. But it does serve as a succinct and accurate summary of the considerable institutional development of the organization since 1945.

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In contrast, the study by Lee, von Pagenhardt and Stanley focuses on the United Nation's most urgent need, the creation of new methods of peacekeeping, peacemaking and conflict prevention. It makes a number of specific suggestions, such as the creation of a U.N. military chief of staff with a standing military force and placement of earmarked national forces at the disposal of the Secretary General. The Security Council would be expanded and a Peace Management Committee would be established as a subsidiary organ. Although the political hurdles that would have to be overcome in making such innovations are not sufficiently addressed, the study brings an imaginative and important contribution to the current debate on these questions.

IT TAKES ONE TO TANGO. By Ambassador Edward L. Rowny. Washington: Brassey's, 1992, 273 pp. $22.00.

Few Americans have had as extensive experience in strategic arms control negotiations with the Soviet Union as General Edward Rowny. On the heels of a full military career, he was brought into the Strategic Arms Limitations Talks (SALT II) negotiations in 1973 at the urging of then-U.S. Senator Henry Jackson (D-Wash.) and continued to serve, with interruptions, at a senior level under five presidents. But it was a stormy career, with a resignation in protest of the salt II agreement during the Carter years and a departure from the Bush administration because he felt that his views were being discounted. The high point was during the Reagan period, when he headed the Strategic Arms Reduction Talks (START) delegation. Over the years, Rowny represented the conservative pole of the arms control debate and maintained a consistently skeptical attitude toward the aims of the Soviet Union. In this account of his government service he remains true to those views. He is also critical of what he sees as an American tendency to seek agreement for its own sake. This is a highly personal book, full of amusing anecdotes about the side conversations around the conference tables and in the halls of power.

DYNAMICS OF REGIONAL POLITICS: FOUR SYSTEMS ON THE INDIAN OCEAN RIM. Edited by W. Howard Wriggins. New York: Columbia University Press, 1992, 338 pp. $40.00.

This study of the political and security dynamics in four regions—the Persian Gulf, South Asia, the Horn of Africa and Southeast Asia—is innovative and will serve as a model of comparative regional analysis. Editor and contributor Howard Wriggins and his colleagues carefully craft questions regarding the interactive processes within regional systems, the impact of domestic politics on foreign policy behavior and the role of major outside powers. The excellent chapters on each of the regions are detailed and sophisticated in their analysis. The resulting conclusions stress the embedded cleavages within each region and the deep contrasts among the systems while identifying some common characteristics. In many ways, the end of the constraints imposed by the Cold War is uncovering the underlying historical and cultural differences among these regions. The combination of speculative hypotheses and realism to be found in this knowledgeable work enhances its credibility and should give it long-term value.

ANTIDIPLOMACY: SPIES, TERROR, SPEED, AND WAR. By James Der Derian. Cambridge (MA): Blackwell, 1992, 215 pp. $44.95.

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Unlike any book this reviewer has ever seen, this is a collage of new-wave writing on world politics. "Poststructuralism" is advanced as a new way of thinking about international relations. The author appears to be heavily influenced by our television, computer and pop culture environment. He sees the new "antidiplomacy" as resulting from a "techno-strategic" triad of widespread surveillance through various types of spying, terrorism and the speed with which new perceptions travel in today's media. These are said to have replaced traditional dealings among nations. Highly imaginative in its approach, this work could be a revelation to some and idiosyncratic babble to others. It is an original cuisine, to be tried once, but few will want to adopt it as their daily fare of foreign policy analysis.

CIVILIAN RULE IN THE DEVELOPING WORLD: DEMOCRACY ON THE MARCH? Edited by Constantine P. Danopoulos. Boulder (CO): Westview Press, 1992, 273 pp. $35.00 (paper).

After several decades of military rule in numerous Third World countries, the trend seems to be reversing itself. Politicians and other civilian leaders have come to power in places where the uniform has been retired from the president's palace. This compendium looks at the experience of thirteen nations on four continents where such change has taken place. The present trend towards democratization and free market economies, it is suggested, is the result of the inability of closed military regimes to deal adequately with the economic needs of their nations. But if civilians can do no better, then do we face a return to the military?

GOD'S PEOPLE: COVENANT AND LAND IN SOUTH AFRICA, ISRAEL AND ULSTER. By Donald Harman Akenson. Ithaca (NY): Cornell University Press, 1992, 393 pp. $29.95.

This erudite book is premised on an intriguing, and what should be controversial, notion: certain peoples believe they have a special covenant with God. These people maintain that the land they struggled to obtain is theirs by divine right, if their covenant with the all-powerful Maker is kept. According to Akenson, a Canadian historian, this is what is perceived by the Afrikaaners, the Ulster-Scots and the Israelis. When a nation's very existence and raison d'être is believed by its citizens to be based on a cultural and religous covenant with God, dealing with it may not always be easy.

General: Military, Scientific and Technological

Andrew J. Pierre

PEARL HARBOR: FINAL JUDGEMENT. By Henry C. Clausen and Bruce Lee. New York: Crown, 1992, 480 pp. $25.00.

With the nuclear weapons era nearing the five-decade mark, this succinct history of the American approach to nonproliferation is a welcome addition to the arms control bookshelf. Particularly good is the author's ability to identify and describe the inevitable trade-offs between nonproliferation and other

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goals in the making of foreign policy. The treatment is chronological, all the best source materials have been consulted, and the complex tale is well organized and clearly written. A made-to-order book for university courses.

NUCLEAR WEAPONS AFTER THE COLD WAR: GUIDELINES FOR U.S. POLICY. By Michele A. Flournoy. New York: HarperCollins, 1993, 314 pp. $15.00 (paper).

Nuclear weapons and strategy for their use were a key element of the Soviet-American confrontation. With the meltdown of the Cold War, what should be their role? To answer this question Harvard's Center for Science and International Affairs brought together a group of young strategists, unfettered by past dogma but well–tutored in the discourse of the defense community. What emerged is an excellent and substantial body of fresh thinking about the proper role of nuclear arms, American in particular, in the post-Cold War era. Among the well-analyzed recommendations: U.S. targeting priorities should be shifted from Russian strategic forces and command centers to conventional forces and war-supporting industries, and most if not all nonstrategic nuclear weapons of the United States and the former Soviet Union should be eliminated through arms control agreements.

THE PROLIFERATION OF ADVANCED WEAPONRY: TECHNOLOGY, MOTIVATIONS AND RESPONSES. Edited by W. Thomas Wander and Eric H. Arnett. Washington: American Association for the Advancement of Science, 1992, 330 pp.

A collection of papers prepared for the 1992 meeting of the American Association for the Advancement of Science, this volume has two particular strengths. It covers a wide range of technologies, including biological, ballistic and advanced conventional arms, as well as nuclear weapons. Second, more than the usual emphasis is given to arms proliferation by developing countries. Some of the more interesting contributions are written by specialists from India, Pakistan, Israel and China. There are also some timely chapters on implications for American nonproliferation policy.

THE STRATEGIC DEFENSE INITIATIVE. By Edward Reiss. New York: Cambridge University Press, 1992, 249 pp. $49.95.

The Strategic Defense Initiative, begun by Ronald Reagan but still having a half-life today, is likely to go down as the "mother of all defense programs" of this quarter century. Highly controversial from the start, "Star Wars" has gone through more permutations than a chameleon. Today it is called the Global Protection Against Limited Strikes (gpals) system, providing defense against unspecified Third World nuclear aggressors as well as the former Soviet Union, and it is still costing around $4 billion per year in research and development. This excellent study by a British political scientist is, unlike many tracts on the subject, neither a plea for nor against. Rather, it is a balanced analysis of the long and convoluted debate over the past ten years. Reiss shows how, as arguments for SDI were shot down, new ones were born. As technological goals were proven to be infeasible, different ones were set. He does a superb job in identifying the various constituencies and interests in the recurring and high-stakes clashes over money, science and global strategy.

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FLYING BLIND: THE POLITICS OF THE U.S. STRATEGIC BOMBER PROGRAM. By Michael E. Brown. Ithaca (NY): Cornell University Press, 1992, 358 pp.

In examining the acquisition process of every major American bomber program of the postwar period—15 programs ranging from the B-35 of the 1940s to the B-2 of the 1980s—Brown has tackled a subject of great complexity and considerable secrecy. Bombers have taken an average of 10 years to build and have been in service an average of 20 years. With the help of a great deal of previously classified or hard-to-access data, he has succeeded in producing a first-class work of defense studies and political science. Contrary to common assumptions, he found little to support the contention that economic incentives and technological imperatives primarily drove the programs. Even the impact of bureaucratic politics had its limits. Rather, long-term strategic military requirements were paramount. But since these were often fuzzy, the U.S. Air Force was frequently "flying blind" in its strategic appraisals and therefore its bomber programs. With the more diffuse geopolitical landscape we have now entered, will the task of identifying true needs not become all the more difficult?

THE U.S. ARMY IN TRANSITION II: LANDPOWER IN THE INFORMATION AGE. By Lt. Gen. Frederic J. Brown, USA (Ret.). Washington: Brassey's, 1992, 224 pp. $24.00.

Written by a highly respected, recently retired soldier-scholar of four-star rank, this book is a cornucopia of ideas for the future of the U.S. Army. One of its most intriguing suggestions is that the microprocessor will play as revolutionary a role on the battlefield as did gunpowder, the internal combustion engine and nuclear weapons. Moreover, the computer will change the educational and societal composition of the military, with the need for a computer-based force. Brown has written a broad and far-reaching, yet specific where necessary, study which should be required reading at the senior levels of the U.S. Army.

HOUSE OF CARDS: WHY ARMS CONTROL MUST FAIL. By Colin S. Gray. Ithaca (NY): Cornell University Press, 1992, 242 pp. $27.95.

No scholar has made a more consistent critique of the very notion of arms control than Colin Gray. Nowhere does he elucidate his argument more comprehensively than in this work. Arms control, argues Gray, is doomed to failure. It is either impossible or unimportant. The conservative who seeks a more secure arms control regime is as wrong as the liberal who puts too much faith in the political benefits of weapons limitations. Gray states his case with a rich, multidimensional brief, and he draws on a number of historical precedents for support. He makes one think. But ultimately his views are unlikely to have wide appeal, especially with the end of the Soviet-American strategic arms race.

OUR NEW NATIONAL SECURITY STRATEGY: AMERICA PROMISES TO COME BACK. By James John Tritten. New York: Praeger, 1992, 208 pp. $45.00.

This work on the planning for budget cuts in the U.S. military the last two years of the Bush Administration has been overtaken by events but could

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have value as a guide to coming defense battles. Written by a former naval officer with senior-level Pentagon experience, it represents a knowledgeable view of the George Bush and Colin Powell post-Cold War strategy; that is, focusing on regional crises, limiting defense reductions to 25 percent and maintaining a robust "base force." Considerable concern and skepticism could be heard from within the services as programs and careers were about to be curtailed. Tritten gives us an insider's view that suffers a bit from being almost too balanced. In the Clinton administration, deficit reduction is likely to lead to still deeper cuts, and the turmoil depicted here could be far greater. Those charged with making further adjustments to a new world and its changed defense needs could profit from this glance at recent history.

CAN AMERICA REMAIN COMMITTED? U.S. SECURITY HORIZONS IN THE 1990S. Edited by David G. Haglund. Boulder (CO): Westview Press, 1992, 306 pp. $45.00.

The question presented in the title is discussed by mostly Canadian analysts brought together by the Center for International Relations at Queen's University in Ontario. They are perplexed by the rapid mood changes underway in their neighbor to the south, from the high of the Persian Gulf War to the 1992 swing away from foreign affairs. What does this portend for America's engagement abroad? These scholars are mindful of the uncertainty inherent in Canada's February 1992 decision to withdraw the country's forces from Germany by 1995 while remaining "committed" to Europe's security. They hesitantly conclude that if the United States does not find a new global purpose within international institutions, it will engage only selectively and could slide into isolationism.

THE COLLAPSE OF THE SOVIET EMPIRE: MANAGING THE REGIONAL FALLOUT. Edited by Trevor Taylor. London: Royal Institute of International Affairs/Tokyo: Institute for Global Peace, 1992, 189 pp.

This book brings together informed Japanese and Western European commentaries about the impact of the collapse of the Soviet Union on these two societies. It will be refreshing for Americans to read a study in which they are not the central players. Sponsored by the International Institute for Global Peace in Tokyo and the Royal Institute for International Affairs in London, the book is part of a larger study on issues of common concern. The chapters on the economic, security and political fallout of the end of the Soviet state on Europe and Japan are well done, but one is left with the impression that the problems and opportunities are still substantially regional, and that the consequences for the direct European-Japanese connection are less clear.

General: Economic and Social

William Diebold, Jr.

WHO'S BASHING WHOM? TRADE CONFLICT IN HIGH-TECHNOLOGY INDUSTRIES. By Laura D'Andrea Tyson. Washington: Institute for

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International Economics, 1992, 324 pp. $40.00 (paper, $25.00).

Technology-intensive industries make special contributions to the performance of the American economy. They "violate the assumptions of free trade theory and the static economic concepts that are the traditional basis for U.S. trade policy." Other governments intervene in these industries to the competitive disadvantage of American producers. These three premises guide Tyson's thorough examination of American difficulties with other countries—especially Japan—in the computer, semiconductor, electronics and commercial aircraft industries. These chapters provide strong evidence for her major policy conclusion, which is that the United States should defend itself against damaging foreign practices but only by approaches that encourage competition and trade. Calling herself a "cautious activist," Tyson stresses the need for selectivity, negotiation and specificity. The new chairman of President Clinton's Council of Economic Advisers has written an important book.

RIVAL CAPITALISTS: INTERNATIONAL COMPETITIVENESS IN THE UNITED STATES, JAPAN AND WESTERN EUROPE. By Jeffrey A. Hart. Ithaca (NY): Cornell University Press, 1993, 305 pp. $32.95 (paper, $16.95).

The body of this book comprises very good summaries of the ways Germany, France, Britain, Japan and the United States have handled their steel, auto and semiconductor industries. With these comparisons as evidence, Professor Hart argues that differences in national performance are largely shaped by the contrasts in the distribution of power among governments, business and labor. He says that some of these arrangements are "conducive to the creation and diffusion of new technologies and others are not." There are many good points in the book, but one wonders about a generalization that explains why Germany and Japan are at one end of the scale and Britain and the United States at the other. Nevertheless, this is a thought-provoking book, rich in material and clearly written.

POWER, ECONOMICS, AND SECURITY: THE UNITED STATES AND JAPAN IN FOCUS. Edited by Henry Bienen. Boulder (CO): Westview Press, 1992, 336 pp. $65.00.

Several very fine papers on the economic elements of national security make up the first half of this volume. The most fruitful inquiries concern the conflicts between national aims and a liberal, cooperative international system in a changing world order. In the second half, the papers on Japan are a good bit more miscellaneous.

INTERNATIONAL HIGH-TECHNOLOGY COMPETITION. By F. M. Scherer. Cambridge: Harvard University Press, 1992, 196 pp. $29.95.

"The failure of some American businesses to meet technical challenges from abroad has been first and foremost a managerial failure." In reaching this conclusion, Professor Scherer of Harvard studied the responses to import competition in 11 diverse industries and then carried out an elaborate statistical analysis of a much larger cross section of American manufacturing. Faced with foreign pressure, an "appreciable fraction" of firms (including protected ones) reacted "submissively" by doing less research and development in pro-

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portion to sales than before. A larger group carried on without significant change. Those firms responding "aggressively" made up the smallest group, but included some of the largest companies. Unless slight signs of change prove significant (the study ends in 1987), he argues that "the erosion of U.S. technological leadership will almost surely continue." Although the statistics do not explain everything, this is one of the most interesting additions to the rising stream of books about high technology.

SELLING OUR SECURITY: THE EROSION OF AMERICA'S ASSETS. By Martin and Susan Tolchin. New York: Knopf, 1992, 406 pp. $25.00.

In the year since it has appeared this readable volume has become almost a standard source for worries about the many ways in which the United States is losing technological leadership.

THE PRICE OF PEACE: THE FUTURE OF THE DEFENSE INDUSTRY AND HIGH TECHNOLOGY IN A POST-COLD WAR WORLD. By William H. Gregory. New York: Lexington Books, 1992, 256 pp. $24.95.

After a lively review of successes and failures in the government's involvement in military technology, the author proposes principles for future government support of civilian technology development.

SINGULAR EUROPE: ECONOMY AND POLITY OF THE EUROPEAN COMMUNITY AFTER 1992. Edited by William James Adams. Ann Arbor: University of Michigan Press (for the Chicago Council on Foreign Relations), 1993, 388 pp.

Nicely organized into three main sets of problems, these solid essays give much attention to the difficulties that will accrue if the European Community tries to carry out the Maastricht treaty and possibly go beyond it.

EAST-WEST MIGRATION. By Richard Layard et. al. Cambridge: MIT Press, 1992, 94 pp. $19.95.

Four first-rate economists appointed by a Finnish research institute that is part of the United Nations University waste no space in making precise statements covering the basic economic logic of migration in Europe and the substitutes for it. They are much vaguer about criteria for "regulations" which they accept as necessary even if western Europe accepts recommendations about freer trade, the free flow of capital and substantial aid to eastern Europe.

ECONOMIC CONTAINMENT: COCOM AND THE POLITICS OF EAST-WEST TRADE. By Michael Mastanduno. Ithaca (NY): Cornell University Press, 1992, 353 pp. $46.50 (paper, $18.95).

Many books have been rendered obsolete by the ending of the Cold War, but that process has nicely rounded off this one, which seems likely to remain our best account of the 40-odd-year effort to coordinate Allied controls over exports to the Soviet Union and its allies. The emphasis is on analysis, but Mastanduno describes in considerable detail the operations of the Coordinating Committee for Multinational Controls (COCOM) and the almost constant tension between the United States and its allies that accompanied them. He concludes that there was a failure of American leadership, rooted

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in the shortcomings and inconsistencies of American policy, which had a number of causes, not the least of which was domestic pressures.

OPEN FOR BUSINESS: RUSSIA'S RETURN TO THE GLOBAL ECONOMY. By Ed A. Hewett with Clifford G. Gaddy. Washington: Brookings, 1992, 164 pp.

Ed Hewett, recently deceased, had a remarkable command of facts about the Soviet economy and a penetrating understanding of how it worked. These qualities, and his ability to explain complex matters briefly and clearly, are beautifully demonstrated in this excellent book examining the Gorbachev reforms and their breakdown. The book, which gives special attention to the external economic relations of the U.S.S.R. (and later, Russia), was revised and updated by Gaddy, of the Brookings Institution, after Hewett joined the staff of the National Security Council.

FOREIGN INVESTMENT IN EASTERN EUROPE. By Zbigniew Dobosiewicz. New York: Routledge, 1992, 134 pp. $72.50.

This first-rate survey not only lays out the patterns of Western investment in eastern Europe but examines motives, results and obstacles. Dobosiewicz, of the Polish Institute of Current Affairs, is moderate in his judgments and rather optimistic about the future.

LABOR AND DEMOCRACY IN THE TRANSITION TO A MARKET SYSTEM: A U.S.–POST-SOVIET DIALOGUE. Edited by Bertram Silverman, Robert Vogt and Murray Yanowitch. Armonk (NY): Sharpe, 1992, 258 pp. $59.95 (paper, $19.95).

For Western readers the most interesting parts of this book will be the ten essays by Russian specialists. Although they provide only glimpses of what has happened to unions and labor disputes in the former U.S.S.R., their range of views makes it unlikely that there will be full agreement for some time on the place of organized labor in the new "market system." The five American academics who conclude the book can offer only limited advice.

EQUITY AND EFFICIENCY IN ECONOMIC DEVELOPMENT: ESSAYS IN HONOUR OF BENJAMIN HIGGINS. Edited by Donald J. Savoie and Irving Brecher. Montreal: McGill-Queens University Press, 1992, 428 pp.

ALL THE DIFFERENCE: A DEVELOPMENT ECONOMIST'S QUEST. By Benjamin Higgins. Montreal: McGill-Queens University Press, 1992, 280 pp.

Although the title of the book edited by Savoie and Brecher is not construed very rigorously, many of the essays are provocative and often critical of conventional lines of analysis. The attractive autobiography of economist Benjamin Higgins, the object of the festschrift, focuses mainly on the lessons he learned at each stage of his work in Libya, Indonesia, the Philippines, Latin America, Africa and in his own country, Canada, where he specialized in regional development.

U.S. TAXATION OF INTERNATIONAL INCOME. By Gary Clyde Hufbauer. Washington: Institute for International Economics, 1992, 275 pp.

Proposals for major reforms in American taxation, analysis of existing laws

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and practice, and arguments about the pros and cons of alternatives combine to make this a most useful book in a field usually closed to all but specialists. Foreign investments in the United States, American investments abroad and the earnings of American companies from exports and other foreign transactions are all examined with an eye toward constucting a new system that will advance American prosperity, promote an open international system and make the United States more competitive without loss of revenue.

THE INTERNATIONAL POLITICS OF THE ENVIRONMENT. Edited by Andrew Hurrell and Benedict Kingsbury. New York: Oxford, 1992, 492 pp. $72.00 (paper, $19.95).

By attacking many different facets of "the clash between the character of the international system and the necessity of rational environmental management," this fine collection of papers adds substantially to a growing literature of great importance.

MODERNIZING FOREIGN ASSISTANCE: RESOURCE MANAGEMENT AS AN INSTRUMENT OF FOREIGN POLICY. By The American Foreign Policy Council. New York: Praeger, 1992, 160 pp. $42.95.

As support for foreign aid has shrunk, so has the once-steady flow of proposals for reorganizing its administration. Thus the appearance of this book is somewhat unusual, and its prescriptions for making the most of U.S. resources are mostly familiar: flexibility, a single agency to handle all types of aid, clear purposes and allocation of aid where it can do the most good.

THE IMPLICATIONS OF CONDITIONALITY: THE INTERNATIONAL MONETARY FUND AND AFRICA. By Fredoline O. Anunobi. Lanham (MD): University Press of America, 1992, 362 pp. $29.50.

Professor Anunobi of Nigeria argues in some detail that the International Monetary Fund's emphasis on short-run stability inhibits the long-run growth of developing countries and damages their social fabric. Needless to say, his alternatives—for Nigeria and other countries—are also highly controversial.

NORTH AMERICAN FREE TRADE: ASSESSING THE IMPACT. Edited by Nora Lustig, Barry B. Bosworth and Robert Z. Lawrence. Washington: Brookings, 1992, 274 pp.

A conference concentrating on the comparison of quantitative studies produced "a consensus that the direct economic effects of NAFTA will be small for both Mexico and the United States." But, say the editors, this kind of "static analysis" misses many of the more important dynamic elements of NAFTA, such as the effects of a large inflow of new capital and the return of capital that fled Mexico in the early 1980s.

The United States

Gregory F. Treverton

BIRTH OF A NEW WORLD: AN OPEN MOMENT FOR INTERNA-

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TIONAL LEADERSHIP. By Harlan Cleveland. San Francisco: Jossey-Brass, 1993, 282 pp. $25.95.
TOWARD MANAGED PEACE: THE NATIONAL SECURITY INTERESTS OF THE UNITED STATES, 1759 TO THE PRESENT. By Eugene V. Rostow. New Haven (CT): Yale University Press, 1993, 383 pp. $35.00.
A SEARCH FOR ENEMIES: AMERICA'S ALLIANCE AFTER THE COLD WAR. By Ted Galen Carpenter. Washington: CATO Institute, 1992, 238 pp. $22.95 (paper, $12.95).

These very different books frame the debate about America's post-Cold War role. Carpenter's is a clear statement of longtime CATO Institute wisdom—America's alliances abroad are costly and entangling—perhaps made wiser by the end of the Soviet Union. The world will be messy but without a "hegemonic rival," thus the United States can afford to be the "balancer of *last resort*," not retreating to isolation but declaring "strategic independence," shedding burdens, not sharing them.

Cleveland and Rostow, both committed internationalists, notable scholars as well as distinguished practitioners, start from very different vantage points but arrive at visions that are, intriguingly, perhaps not so far apart. Cleveland begins with the information revolution, which has rendered "top-down" reform all but impossible and drained capability from nation-states. Yet his optimistic call for a "third try" at some international order comes back to the recognition that "for the foreseeable future, world affairs will be dominated by a comparatively few postindustrial states." These, a "coalition of the willing," may be able, as in Iraq, to agree on actions even if their motivations differ; they will act "within the U.N. Charter but outside its procedures," with the United States as "chairman of the executive committee" if it can get its own house in order.

Rostow, in the first of a projected three-volume series on foreign affairs, concludes that America is served by "a pluralist system of world public order, based on a balance of power and regulated by law." As in Britain a century and a half ago, the building blocks of order and the rule of law are congenial to the United States. Power politics is not a part of America's rhetoric but very much a part of its history. His general guidance is to sustain a concert of great powers if possible, a balance of power among them if not. His specific lesson is not to repeat the West's World War I mistake—then permitting Russia's fall to Bolshevism, now letting it fall again into dictatorship or xenophobia.

AROUND THE CRAGGED HILL: A PERSONAL AND POLITICAL PHILOSOPHY. By George F. Kennan. New York: Norton, 1993, 288 pp. $22.95.

Mr. Kennan has long seemed a man not quite of this century, and some of this book—its reproaching of the automobile as a destroyer of community, for instance—comes across as eccentric, however charming. Yet that very distance from our current debate, along with Kennan's distinction, not to mention his modest and graceful prose, make his striking suggestions for national change all the more worth contemplating. They range from benchmarks for thought (why not a United States broken into smaller, more cohesive republics?), to long-term approaches to constitutional governance (a council

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of state beside the legislative and executive branches as custodian of national interests that would be above immediate political tugs), to more specific guidance (a foreign policy limited, insofar as possible, to permitting the United States to get on with internal renovation).

UNDUE PROCESS: A STORY OF HOW POLITICAL DIFFERENCES ARE TURNED INTO CRIMES. By Elliott Abrams. New York: Free Press, 1992. 243 pp. $22.95.
HONORED AND BETRAYED: IRANGATE, COVERT AFFAIRS, AND THE SECRET WAR IN LAOS. By Richard Secord, with Jay Wurts. New York: Wiley, 1992. 405 pp. $24.95.

These books' titles cry out their contention about the Iran-Contra scandal. Secord, the ultimate can-do military man, came to those events after a career of adventures spanning the "secret war" in Laos in the late 1960s through the Iranian hostage crisis of 1979-80. He drops intriguing tidbits about George Bush's role and Oliver North's shortcomings as an overreaching "field officer" zealously implementing the boss's wishes. Abrams, by contrast, is laser-focused; his is a searing psychological account of plea bargaining with Judge Walsh, the special prosecutor. Secord's apologia—that Iran-Contra's status as " 'offline' from the congressional viewpoint" was no different from operations set in motion by FDR or Lincoln—misses the point: however FDR's actions are regarded, our constitutional standards have evolved since. Yet it is not necessary to accept Abrams' argument (or Bush's justification for his pardons)—that deceiving Congress in pursuit of a patriotic cause is no misdeed—to recognize the awkwardness of trying to adjudicate collisions between the executive branch and Congress through criminal proceedings that sometimes trivialize the issues while perhaps brutalizing the participants.

JOURNEYING FAR AND WIDE: A POLITICAL AND DIPLOMATIC MEMOIR. By Philip M. Kaiser. New York: Charles Scribner's Sons, 1993, 352 pp. $30.00.

Kaiser's title is apt, for his warm-hearted memoir ranges from his Brooklyn childhood, through his education at the University of Wisconsin and Oxford, to diplomatic posts in Europe and Africa, with lots of advice to Democratic administrations along the way. Through all, he has remained a cheerful Wilsonian, confident of America's democratic example and a rooter for America's international engagement.

THE CUBAN MISSILE CRISIS REVISITED. Edited by James A. Nathan. New York: St. Martin's, 1992, 302 pp. $39.95.
CIA DOCUMENTS ON THE CUBAN MISSILE CRISIS, 1962. Edited by Mary S. McAuliffe. Washington: Central Intelligence Agency, 1992, 376 pp.

Both these books were published for the 30th anniversary of the Cuban missile crisis. Nathan's distinguished contributors, in reviewing what has been learned recently in Soviet-American-Cuban discussions of the crisis, hardly diminish the foreboding of those October days. Quite the contrary: Moscow's willingness to run risks on behalf of its Cuban ally, more than was imagined at the time, is reminiscent of America's actions on behalf of its allies; and, unbeknownst to Americans at the time, tactical Soviet nuclear missiles were operational, apparently available for use against a U.S. invasion at the discre-

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tion of the local Soviet commander. The CIA documents are a welcome first installment of former CIA director Robert Gates' openness initiative; perhaps these and successor volumes can push the Foreign Relations of the United States series to catch diplomatic history up to intelligence.

The Western Hemisphere

Abraham Lowenthal

DRUG POLICY IN THE AMERICAS. Edited by Peter H. Smith. Boulder (CO): Westview, 1992, 366 pp.

Prepared mainly as background papers for an independent Inter-American Commission on Drug Policy in 1990-91, the contributors to this useful symposium volume analyze the nature and extent of substance abuse problems throughout the Americas, assess major policy alternatives for confronting the scourge of drugs, and evaluate prospects for effective inter-American and international cooperation in this realm. Among the main points of consensus are these: the "drug problem" comprises many diverse issues and dangers; there are no easy or quick solutions to the main problems; demand–reduction strategies deserve much more emphasis and funding; some components of the current "war on drugs" are counterproductive (e.g. interdiction at the border, militarization of anti-narcotics efforts), while other approaches are more promising and need more emphasis: programs for prevention, treatment and rehabilitation.

THE RICH NEIGHBOR POLICY: ROCKEFELLER AND KAISER IN BRAZIL. By Elizabeth A. Cobbs. New Haven: Yale University Press, 1992, 273 pp. $30.00.

Focusing on the post-World War II business and philanthropic activities of Nelson Rockefeller and steel magnate Henry Kaiser in Brazil, this fine history examines the role of the U.S. private sector in transferring American techniques, technology and financial resources and in supporting Brazilian development. Whereas conventional wisdom suggests that the private sector is motivated by narrow self-interest while government policy is driven by notions of general welfare, Cobb shows that the private sector has sometimes shown a stronger commitment to consistent and constructive relations with Latin America than the U.S. government, and has been more pragmatic and reciprocal in its diplomacy.

THE POLITICAL ECONOMY OF FOREIGN INVESTMENT IN MEXICO: NATIONALISM, LIBERALISM, CONSTRAINTS ON CHOICE. By Van R. Whiting, Jr. Baltimore: John Hopkins University Press, 1992, 313 pp. $55.00.

This well-documented study, based on extensive interviews and field research, analyzes why Mexico pursued nationalist policies toward foreign investment through the 1970s, made them more extreme during that decade, and then turned so decisively to economic liberalization in the 1980s, welcoming foreign investment and pushing for free trade with the United States.

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Whiting's answer, sometimes obscured by social science jargon, is that the same global trends toward industrial integration now pushing the United States toward industrial policy and managed trade have shifted constraints within Mexico toward more liberal and internationalist policies. Free trade with the United States, which threatened Mexico's autonomy only a decade ago, is now in Mexico's interest—even if nationalists in the United States object.

A FAUSTIAN BARGAIN: U.S. INTERVENTION IN THE NICARAGUAN ELECTIONS AND AMERICAN FOREIGN POLICY IN THE POST-COLD WAR ERA. By William I. Robinson. Boulder (CO): Westview Press, 1992, 310 pp. $54.95 (paper, $16.95).

Written from a pro-Sandinista perspective, this study documents, analyzes and indicts U.S. involvement in the 1990 Nicaraguan elections, in which the Sandinista revolutionary movement lost and accepted its defeat. Arguing against the conventional view that the United States and other international observers assured the fairness of the electoral process, Robinson alleges that the U.S. role—public and private, overt and covert—in fact constituted unwarranted, manipulative interference in Nicaragua's politics.

FEAR AT THE EDGE: STATE TERROR AND RESISTANCE IN LATIN AMERICA. Edited by Juan E. Corradi, Patricia Weiss Fagen and Manuel Antonio Garreton. Berkeley: University of California Press, 1992, 301 pp. $45.00 (paper, $14.00).

Two Latin American social scientists interviewing middle-class Argentines during the repressive military regime of the late 1970s discovered that those interviewed were generally uncritical of government actions and professedly ignorant or unconcerned about reported government abuses, including flagrant violations of human rights. Their hypothesis that the Argentine interviewees were not apathetic but rather cowed by pervasive fear led to a multidisciplinary, long-term research project, summarized in this volume, on the culture of fear, its effects on both perpetrators and victims, its legacy and how all that can be overcome. An innovative perspective on a deeply troubling chapter of Latin America's history.

Western Europe

Fritz Stern

MITTERRAND: A POLITICAL BIOGRAPHY. By Wayne Northcutt. New York: Holmes & Meier, 1992, 399 pp. $34.95.

An American scholar has written a political biography of France's two-term president, tracing in detail his ascendancy and his deep hostility to de Gaulle, his gradual reform of the Socialist Party, his economic mistakes and corrections. The book reads like a rather listless chronicle, derivative and not particularly original, stressing Mitterrand's pragmatic skill as a politician, his idealism and humanistic allure. Mitterrand, often labeled enigmatic and elusive, should inspire a more probing, literate effort; he deserves better.

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THE EXTREME RIGHT IN EUROPE AND THE USA. Edited by Paul Hainsworth. New York: St. Martin's, 1992, 320 pp. $45.00.

A collection of uneven essays by European political scientists on the vicissitudes of the extreme right in various European countries and the United States, this topical study emphasizes that for all the national differences, the extreme right (which in the United States is unpersuasively defined as moving from the Ku Klux Klan to David Duke) has common themes: fanatic hostility to immigrants, chauvinism and anger at the normal political process. The authors emphasize how mainstream parties often absorb some of the right-wing demands, but do not take seriously enough the subliminally intimidating effects of these self-righteous rightists.

PAST IMPERFECT: FRENCH INTELLECTUALS, 1944-1956. By Tony Judt. Berkeley: University of California Press, 1992, 358 pp. $30.00.

A brilliant, relentless analysis (and indictment) of the prevailing mode of French writers who in the years after the war, and partly because of it, embraced a pro-communist faith and were committed to supporting the communist cause or to "explaining" the horrors they could no longer deny. They also propagated chic anti-Americanism. Judt focuses on the political writings of Sartre and the Catholic Emmanuel Mounier as well as less well-known writers. The great exceptions to this willed blindness were Raymond Aron, François Mauriac, and Albert Camus. Judt, a prolific historian, may slightly exaggerate the influence of some of his culprits in this splendidly written "essay on intellectual irresponsibility," which is also a major contribution to our understanding of the immediate postwar period.

WE WERE THE PEOPLE: VOICES FROM EAST GERMANY'S REVOLUTIONARY AUTUMN OF 1989. By Dirk Philipsen. Durham (NC): Duke University Press, 1992, 417 pp. $49.95 (paper, $19.95).

An American scholar with a German background conducted copious interviews in East Germany in the summer of 1990, mostly with activists from the civic protest movements of that year and years before. This highly successful oral history is enriched by meticulous and intelligent notes and enlightening introductions to the various sections. He is obviously sympathetic to what he discovered to have been deep, if hard-to-define, aspirations for a democratic society—aspirations that would allow for greater political participation of more independent citizens. He has collected revealing texts that challenge any simple notion about the inevitable victory of Western institutions or mores.

THE ANATOMY OF THE NUREMBERG TRIALS. By Telford Taylor. New York: Knopf, 1992, 703 pp. $35.00.

Telford Taylor, distinguished lawyer and chief counsel of the American prosecution of the International Military Tribunal at Nuremberg, evaluates what he regards as "the most important and, I believe, successful new entity in the enforcement of the laws of war." An invaluable source, with long excerpts from the actual proceedings, all the more memorable for the author's sure and often critical assessments of all participants. Written with elegant candor.

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CITIZENSHIP AND NATIONHOOD IN FRANCE AND GERMANY. By Rogers Brubaker. Cambridge: Harvard University Press, 1992, 270 pp. $35.00.

A scholarly inquiry into the origins of French and German notions of nationhood and citizenship, and a work of historical and topical concern. At a time of mass immigration and growing chauvinism, this sociological-historical study of contrasting laws and practices regarding naturalization is particularly valuable. Learned, shrewd and demanding.

Eastern Europe and Former Soviet Republics

Robert Legvold

SCIENCE IN RUSSIA AND THE SOVIET UNION. By Loren R. Graham. Cambridge (UK): Cambridge University Press, 1992, 306 pp. $23.95.

The premier historian of the subject here explores for the general reader how Russian politics, economics and society have shaped the nature and direction of Russian science. Not only does he show the impact of particular ideas—say, of dialectical materialism on psychology through great scientists like Lev Vygotsky or on biochemistry through Aleksandr Oparin—he also probes the way specific institutions, such as the Russian and Soviet Academy of Science, determined the unfolding of science and technology. In the process, he focuses on the most fundamental puzzles, such as why Russia has always had "such a strong tradition in mathematics and astronomy, but weak ones in experimental science." Or why Soviet astrophysicists have been "enthusiastic pioneers in developing 'inflationary theories' of the development of the universe and critics of 'big bang' theories." In spare and accessible form, Graham offers both a broad, insightful social and political history of Russia and science as well as much food for thought about the general consequences of the national context within which science grows.

THE END OF THE SOVIET EMPIRE: THE TRIUMPH OF THE NATIONS. By Hélène Carrére d'Encausse. New York: Basic Books, 1993, 292 pp. $24.00.

A swift-moving account of the crumbling of the Soviet Union by a longtime student of the ethnic question. The book is not so much a searching explanation for the collapse of the empire as a readable, chronological recounting of the steps by which it came apart—from the original riots in Alma-Ata in December 1986 through the eruption of conflict over Nagorno-Karabakh, to the April 1989 violence in Tbilisi, on to the emergence of the popular front in the Baltic. The author attaches an epilogue summarizing the final post-putsch breakup, but the weight of the book deals with the key episodes on the way to this event, episodes that acquired cumulative force because of the unseeing leaders whom they besieged.

THE PAPER HOUSE: THE ENDING OF YUGOSLAVIA. By Mark

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Thompson. New York: Pantheon Books, 1992, 350 pp. $23.00.

To the reader who travels with Thompson, a British correspondent for a Slovenian newspaper, there awaits a remarkably rich mélange of personal encounters and arresting, creative historical allusions. On one level the book is a travelogue, because the author retells his movements around the country from Slovenia in the north to Macedonia in the south over the years after 1987, but principally in 1990 and 1991. His arrival in one place or another, however, is less the point than an excuse to weave a complex, probing historical account around different contemporary locations and personalities. Despite the erudition, the book is more lyrical than analytical, giving the reader less an understanding of how and why the Yugoslav idea again failed awfully, but nonetheless a deeper appreciation of what the idea had going for and against it.

DISMANTLING COMMUNISM: COMMON CAUSES AND REGIONAL VARIATIONS. Edited by Gilbert Rozman. Baltimore (MD): The Johns Hopkins University Press, 1992, 405 pp. $38.00.

The organizers of this undertaking, Rozman, Seizaburo Sato, and Gerald Segal, have taken a formula normally guaranteed to disappoint—making a book of a conference assembling participants from several quite different countries—and turned it into a success. This is one of the more stimulating and helpful explorations of what has happened to communism in Asia, Eastern Europe and the Soviet Union. It works, first, because the authors—British, Japanese and American—have made a real effort to think through these great processes of change; second, because all of them have a sound grasp of basic social science concepts, carrying them to a deeper level of analysis; and, third, because the editor pushed them to redo their original efforts, reaching for stronger comparative perspectives.

BEYOND THE SOVIET THREAT: RETHINKING AMERICAN SECURITY POLICY IN A NEW ERA. Edited by William Zimmerman. Ann Arbor: University of Michigan Press, 1993, 223 pp. $37.50.

For the most part this book is not about the transformation of U.S. security since the collapse of the Soviet Union. Rather it is a rigorous study of the security challenge that the Soviet Union would have posed for the United States had it held together and remained under the liberalizing influence of Mikhail Gorbachev. Two concluding chapters partly depart from this approach. In one, Charles Glaser and Ted Hopf draw lessons from the changing U.S.-Soviet relationship for U.S.-Russian relations; in the other, Paul Huth assesses the theoretical discussion underway among American academics over the implications for European security of the disintegrated Soviet empire. This is not the place to come if one is looking for policy guidance in dealing with the morass of new post-Soviet states now entering international politics. But it most definitely is if one wants to think more systematically about the changes in international politics occurring immediately beforehand, particularly as influenced by shifts in Soviet foreign policy.

POLITICAL DISSENT AND OPPOSITION IN POLAND: THE WORKERS' DEFENSE COMMITTEE "KOR." By Robert Zuzowski. Westport (CT): Praeger, 1992, 293 pp. $65.00.

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A detailed, scholarly study of the dissident intellectuals who did much to prepare the way for the Solidarity revolution of 1980. Zuzowski traces the antecedents of the Workers' Defense Committee back to 1956, but features the years of activity from the Committee's formation in 1976 through 1981. The author uses this historical case to reflect on the different forms of dissent engendered in a society such as socialist Poland's and on the payoffs of different strategies pursued by dissenting intellectuals.

MOSCOW AND THE MIDDLE EAST: NEW THINKING ON REGIONAL CONFLICT. By Galia Golan. New York: Council on Foreign Relations Press, 1992, 102 pp. $14.95.

In a brisk, succinct essay, Golan, one of the most balanced analysts of earlier Soviet policy in the Middle East, traces the revolution in the Gorbachev leadership's approach to the Arab-Israeli confrontation and its echo in the Persian Gulf crisis of 1990-91. For this much alone the essay is well worth reading, but, in addition, Golan examines the trouble that Gorbachev and his foreign minister ran into among various domestic groups who were tying their star to U.S. policy, opposition that still reverberates in post-Soviet policies toward Saddam Hussein and the region.

ROMANIA IN TURMOIL. By Martyn Rady. London: I.B. Tauris, 1992, 216 pp. $22.00 (paper).

A clear, absorbing account of the 1989 Romanian revolution and the regime that followed. Of the several books that tell the story, this is one of the most helpful to the general reader. A judicious selection of detail and an easy, lucid analytical style are blended together, yielding an economical and readable volume.

THE POST-SOVIET NATIONS: PERSPECTIVES ON THE DEMISE OF THE USSR. Edited by Alexander J. Motyl. New York: Columbia University Press, 1992, 322 pp. $34.50.

Here, stellar authors seek to explain different dimensions of the flawed Soviet approach to ethnicity, and half succeed. For most of them, the effort seems less than whole-hearted but, because these are bright and able students of the subject, they have worthwhile things to say about everything from the ideological roots of the problem to the varying role of the KGB in dealing with it. The volume is further marred by a schizophrenia: the editor and three of the ten authors devote themselves to reflections on the meaning of the new nations, nationalism and nationalities for Western studies of the region, while the remaining authors seem not to have this issue in mind as they go about their analytical tasks. But on either side of this schizophrenia the reader will find stimulating preliminary thoughts.

The Middle East

William B. Quandt

THE ISLAMIC THREAT: MYTH OR REALITY? By John L. Esposito.

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New York: Oxford University Press, 1992, 243 pp. $22.00.

So many silly things have been said about the new "Green Peril" of Islam that it is important to hear the reasoned words of a leading scholar of Islam making careful distinctions among varieties of Islamic political experience. This sober, well-written book is designed to cool fervid imaginations and demythologize contemporary Islamic movements. Enough history is provided to get the general reader up to speed, and it has enough detail to demonstrate that not all Islamic parties are the same. Most of the focus turns out to be on the Arab world, while the vast majority of Muslims are not Arab. The author often seems to bend over backwards to give Muslim leaders the benefit of the doubt. Some of the harsher aspects of governing in the name of Islam in Iran and Sudan are minimized, and the special problems of minorities and women in the agendas of most Islamic movements are mentioned only in passing. A basic thesis of the book is that government repression of Islamic movements will inevitably radicalize them. This may be true, but it does not necessarily follow that moderate policies will deradicalize them. While the author is surely correct in saying that Islamic movements are not much of a threat to the West, they may well threaten the established order in much of the Middle East and the prospects for Arab-Israeli peace. It seems a bit optimistic to hope that the passing of the old order will bring a benign Islamic order in its place.

THE GULF CONFLICT, 1990-1991: DIPLOMACY AND WAR IN THE NEW WORLD ORDER. By Lawrence Freedman and Efraim Karsh. Princeton: Princeton University Press, 1993, 499 pp. $24.95.

Within months of the end of Desert Storm, a flood of instant histories of that war appeared. Now, with a bit more time and perspective, the first of the second wave of books on the Gulf crisis of 1990-91 has appeared. The authors write from an academic perspective, weighing available evidence, reaching conclusions carefully. The result is an excellent overview of the crisis. Readers will find the main outlines of the analysis familiar. This is not a revisionist history, but it does explore a number of "what ifs," usually concluding that alternative outcomes to the crisis were unlikely. Saddam Hussein is seen as driven to invade Kuwait by his insecurity, a questionable interpretation; and the authors seem to downplay the role that Iraqi nuclear developments may have had in convincing the Bush administration to go to war. Still, the book as a whole sets a high standard for what will no doubt be a continuing study of the first post-Cold War crisis.

THE PASSIONATE ATTACHMENT: AMERICA'S INVOLVEMENT WITH ISRAEL, 1947 TO THE PRESENT. By George W. Ball and Douglas B. Ball. New York: W. W. Norton & Co., 1992, 382 pp. $22.95.

George Ball has been an outspoken critic of Israeli policies toward its Arab neighbors for many years. In this book, coauthored with his son Douglas, he makes his most powerful case to date against the "passionate attachment" of the United States to Israel. The historical overview is thin on the pre-Carter years; Reagan is severely criticized, while Bush is given better marks. Many will find the second part of the book on Israel and on the role of American Jews in American politics to be the most controversial. The authors argue that American support for Israel has been costly—financially, morally and

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politically. Unlikely to convince those who have already made up their minds on this much-debated topic, this book will be read and discussed because of the eminence of the senior author. More political argument than history, the Balls' analysis is nonetheless carefully documented.

THE NEW PALESTINIANS: THE EMERGING GENERATION OF LEADERS. By John Wallach and Janet Wallach. Rocklin (CA): Prima Publishing, 1992, 351 pp. $22.95.

Having written a book on PLO leader Yasir Arafat, the Wallachs have now turned to the "emerging generation" of Palestinian leaders. They have concentrated mostly on Palestinians from the West Bank and Gaza who have been closely associated with the peace negotiations with Israel. They succeed in presenting 12 Palestinians with distinctive life histories. Only one is a supporter of the Islamist Hamas movement. For some reason, they completely ignore the new generation of leaders from outside the occupied territories. But despite these limits, the book fills a gap by putting a human face on a people that is much in the headlines but little known by most Americans.

OCTOBER SURPRISE: AMERICA'S HOSTAGES IN IRAN AND THE ELECTION OF RONALD REAGAN. By Gary Sick. New York: Times Books, 1992, 306 pp. $12.00 (paper).

The original edition of this book caused a sensation by raising the possibility that the Reagan campaign in 1980 might have negotiated with the Iranians to delay the release of the American hostages in Tehran. Before the book had even been published, partisans were taking sides and reputable news magazines were writing rebuttals. Eventually the House and Senate both launched investigations into the charges and reached the conclusion that there was no basis for most of them. Gary Sick has now written, for the paperback edition, a new preface and afterword that answer some of his critics. He seems to concede that there is no evidence linking George Bush to the possible deal, as he had initially surmised, but he still believes that William Casey was a likely conspirator. The House and Senate investigations have raised questions about the reliability of many of Sick's sources. While the author never claimed to have definitive proof, he did pull together a massive amount of circumstantial evidence, only some of which has been fully discounted by the congressional investigations. Given the nature of the case, it is hard to believe that we have heard the end of this affair.

PALESTINIANS: THE MAKING OF A PEOPLE. By Baruch Kimmerling and Joel S. Migdal. New York: The Free Press, 1992, 360 pp. $29.95.

Much nonsense has been written about whether the Palestinians do or do not constitute a "people." This study starts with the sensible view that the formation of national consciousness is a result of specific historical and sociological processes. What made the Palestinians distinct from their cousins in Jordan and Syria was their interaction with the growing Jewish presence in their midst, from the early decades of this century onward. That experience has been unique to Palestinians and has shaped their sense of national identity. The authors provide a historical and analytical framework that helps in understanding the current intricate moves toward Israeli-Palestinian accommodation.

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PERSONAL WITNESS: ISRAEL THROUGH MY EYES. By Abba Eban. New York: G. P. Putnam's Sons, 1993, 671 pp. $29.95.

Anyone who has already read Abba Eban's autobiography will find that this book covers much of the same ground. As always, Eban writes in an engaging manner and has a sharp eye for anecdote and detail. Finally he is free of official constraints and can reveal a bit more than heretofore about the events that he participated in and often helped shape. For example, he confirms that a message from Justice Abe Fortas helped to change his own view of President Johnson's position on the eve of the Six Day War, and he gives some detail on his widely rumored meetings with King Hussein. Many in Israel have long disparaged Eban's accomplishments, and in this book he settles a number of scores, including with Prime Minister Yitzhak Rabin. The bulk of the book covers the period from Suez through the early 1970s, after which time Eban no longer played much of a role in Israel's diplomacy. Memoirs are rarely written by individuals with small egos, and this is no exception, but as the genre goes, this has the virtue of being gracefully written and often informative as well.

U.S.-ISRAELI STRATEGIC COOPERATION IN THE POST-COLD WAR ERA: AN AMERICAN PERSPECTIVE. By Karen L. Puschel. Boulder (CO): Westview, 1992, 184 pp.

During the 1980s, Israel's Likud government and a like-minded Reagan Administration promoted the idea that Israel and the United States were "strategic allies" against the Soviet Union and its surrogates. There was always some hype in the way this alliance was touted, and the 1990-91 Gulf War raised questions about how the two partners would deal with real-life contingencies that threatened their interests. Still, many programs were initiated in the name of strategic cooperation. The author of this well-researched monograph raises the sensible question of what remains of the strategic rationale for the relationship now that the Cold War is over. Her conclusion is that much of the relationship is likely to endure, provided that Israel and the United States continue to cooperate in the peace process. By linking the development of strategic cooperation to political context, the author makes a real contribution.

WITH FRIENDS LIKE YOU: WHAT ISRAELIS REALLY THINK ABOUT AMERICAN JEWS. By Matti Golan. New York: The Free Press, 1992, 184 pp. $19.95.

Reading this book is like listening in on a rather noisy, one-sided family quarrel. One feels a bit embarrassed by all the hyperbole, all the shrill emotions, and one is not quite sure whether to take it seriously. Perhaps the protagonists will kiss and make up any moment. But the Israeli author seems quite serious in his attack on American Jews. They are accused of meddling in Israeli affairs, not giving enough support or giving too much of the wrong kind and, most of all, of living in the United States instead of emigrating to Israel. As one man's opinion, and as a storehouse of anecdotes, the book merits slight attention. But a range of big-name Israelis profess to support the main themes of the book. Still, one can hardly shake the thought that this is a deliberately provocative temper tantrum designed to sell lots of books pre-

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cisely to the targets of the author's diatribe.

THE UNITED STATES AND THE MIDDLE EAST: A SEARCH FOR NEW PERSPECTIVES. Edited by Hooshang Amirahmadi. Albany (NY): State University of New York Press, 1993, 491 pp. $49.50 (paper, $16.95).

A collection of essays designed to highlight the foibles, misguidedness, and sometimes conspiratorial aspects of American policy in the Middle East. Most of the authors take a decidedly revisionist view of the past. Some, such as Richard Cottam and Mansour Farhang, are genuinely provocative in the best sense. Others are more predictable, sometimes naive. Despite all the criticism of policies past, little is suggested for the future apart from such bromides as improving the American image, showing more understanding for the peoples of the region and avoiding "random, erratic measures"—like the war against Iraq!

REBUILDING LEBANON. By Amine Gemayel. New York: University Press of America, 1992, 78 pp. $36.00 (paper, $13.00).

Lebanon's former president reflects on how his country's ills can best be cured. The proposals are forward-looking, often general, but built around the idea of a strong presidency. The international community is tasked with helping to persuade the Israelis and Syrians to withdraw and then to help rebuild the country. This has the feel of a campaign manifesto, replete with the now-popular anti-Syrian overtones.

Asia and the Pacific Rim

Donald Zagoria

TURNING THE TABLES: A MACHIAVELLIAN STRATEGY FOR DEALING WITH JAPAN. By Daniel Burstein. New York: Simon & Schuster, 1993, 260 pp. $22.00.

This is the single most important book written on U.S.-Japan relations in the past five years. It is a must read for anyone interested in the future of that relationship. Burstein vividly demonstrates the growing interdependence of the U.S. and Japanese economies, and he shows how many American corporate leaders are increasingly realizing the need to work with foreign companies, especially Japanese, in order to raise their own international competitiveness. He also illuminates the path toward long-term solutions to the bilateral trade deficit. He makes a convincing case for synergizing the great and often opposite strengths of both societies. And he outlines a framework for a trans-Pacific community that could greatly benefit both countries. As Council on Foreign Relations chairman Peter Peterson has written, this book should change forever the nature of the Japan debate.

THE PACIFIC CENTURY: AMERICA AND ASIA IN A CHANGING WORLD. By Frank Gibney. New York: Charles Scribner's Sons, 1992, 596 pp. $40.00.

This is a broad, rich survey of the Pacific that is well-written, insightful

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about all the major issues of economics, society and politics, rooted in history, full of scholarly references and lavishly illustrated with photographs. The author, who has written five books on Asia, is a veteran observer of East Asia who has spent a lifetime traveling in and writing about the region. He is now president of the Pacific Basin Institute in Santa Barbara, California, and one of America's foremost experts on the region.

This volume should become a standard text for college courses on East Asia and for the general reader interested in going deeper than the usual journalistic survey. It needs also to be read by the "Atlanticists" in the U.S. foreign policy establishment, who have consistently neglected a region that is destined to play a much greater role in shaping world affairs.

KOREA'S QUIET REVOLUTION: FROM GARRISON STATE TO DEMOCRACY. By Frank Gibney. New York: Walker, 1992, 212 pp. $24.95.

The author, both a journalist and businessman, has spent decades working and traveling in East Asia. He draws on his long personal experience in Korea to put the phases of Korea's rapid development in clear perspective while synthesizing history, economics, politics and personal experience. He is surely right in emphasizing that the growth of a newly stable democracy is the most significant development in Korea in the past decade even though it has been obscured by overemphasis on the Korean "economic miracle."

GIAP—THE VICTOR IN VIETNAM. By Peter Macdonald. New York: Norton, 1993, 352 pp. $25.00.

This is the story of the life of General Vo Nguyen Giap, the commander of the Vietnamese Army that defeated the French at Dien Bien Phu and then humbled the Americans. The author is a retired British army officer who had the advantage of several extensive interviews with Giap himself as well as with many veterans who served under him. The author attributes Giap's military genius to his balanced grasp of all the components of battle. Strategically, he showed grasp of the big issues; tactically, he was a master of guerrilla warfare—the most successful guerrilla leader of all time. And logistically, he was brilliant both at Dien Bien Phu and in establishing the Ho Chi Minh Trail, one of the greatest feats of military engineering in history. The chapter on "the Trail" is one of the more illuminating in the book.

BURMESE LOOKING GLASS: A HUMAN RIGHTS ACTIVIST ON THE FORBIDDEN FRONTIER. By Edith T. Mirante. New York: Grove Press, 1993, 320 pp. $21.95.

An American artist-adventurer has written an absorbing book about her experiences living with Shan and Karen rebels in Burma's remote mountains, where rebels, opium warlords and jade smugglers hold sway. The author founded Project Maje to publicize Burma's human rights violations.

EAST ASIA AND THE PACIFIC: CHALLENGES FOR U.S. POLICY. By Robert G. Sutter. Boulder (CO): Westview Press, 1992, 182 pp. $33.95 (paper).

JAPAN, THE U.S. AND PROSPECTS FOR THE ASIA-PACIFIC CENTURY: THREE SCENARIOS. By Richard P. Cronin. New York: St. Martin's Press, 1992, 155 pp. $39.95.

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Both Robert Sutter and Richard Cronin are respected analysts of the Congressional Research Service who specialize in U.S. relations with East Asia. For many years, they have been providing the U.S. Congress with authoritative analyses of the dilemmas facing U.S. policy in Asia. Their reports are not generally available to the public. But these two volumes, based on those reports, provide a fertile beginning for anyone, specialist or generalist, who seeks to reassess U.S. policy in East Asia now that the Cold War is over. Sutter provides a balanced, insightful and comprehensive survey of U.S. policy toward the entire region, while Cronin focuses on what ought to be the major priority for the Clinton administration—U.S. relations with Japan. Both authors are concerned about the widespread perception in Asia that the United States is preoccupied with North American concerns and may withdraw from the Asia-Pacific region.

INDIA BRIEFING, 1992. Edited by Leonard A. Gordon and Philip Oldenburg. Boulder (CO): Westview Press (with the Asia Society), 1992, 259 pp. $36.85 (paper, $14.85).
KOREA BRIEFING, 1992. Edited by Donald N. Clark. Boulder (CO): Westview Press (with the Asia Society), 1992, 198 pp. $39.85 (paper, $14.85).
CHINA BRIEFING, 1992. Edited by William A. Joseph. Boulder (CO): Westview Press (with the Asia Society), 1993, 198 pp. $36.85 (paper, $14.85).

The Asia Society has once again produced its readable, authoritative annual surveys of developments in India, Korea and China. Each of these volumes has essays by prominent scholars illuminating the major political, economic, strategic and cultural trends.

BROTHER NUMBER ONE: A POLITICAL BIOGRAPHY OF POL POT. By David P. Chandler. Boulder (CO): Westview Press, 1992, 254 pp. $24.95.

From 1975-78, during the reign of terror by the brutal Khmer Rouge in Cambodia, more than one million people died as a result of ideologically driven, genocidal policies. The leader of the Khmer Rouge was (and probably still is) Saloth Sar, better known by his nom de guerre, Pol Pot, a shadowy figure about whom little is known. A respected historian has spent five years assembling what scant evidence there is about Pol Pot's life and fitting this into the history of the Cambodian revolution. The subject is challenging because no modern revolutionary leader has left so little trace. Unfortunately, Chandler does not succeed in bringing Pol Pot alive. The picture that does emerge is that of a brutal but charismatic, super-nationalistic ideologue—largely out of touch with reality—who saw communism as a set of "liberating techniques that could be applied to Cambodia to remove the handicaps of hierarchy, injustice, and subservience." One of the few Western journalists ever to interview him, Elizabeth Becker, later wrote that she was "grateful when the interview ended" because, for her, the sense of unreality that Pol Pot's talk exuded was overwhelming.

THE MAKING OF U.S. CHINA POLICY: FROM NORMALIZATION TO THE POST-COLD WAR ERA. By Tan Qingshan. Boulder (CO): Rienner, 1992, 179 pp. $32.00 (paper, $16.95).

What sets this study apart from most works on U.S.-China relations is the

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detailed attention to the governmental processes—particularly the interaction between the executive and congressional branches of the U.S. government—that help influence U.S. policy towards China. The author, who was a student at the Beijing Institute of International Relations in the early 1980s and is now teaching in the United States, has put together a richly detailed analysis of the U.S. political process and its impact on policymaking toward China. He focuses on four case studies: the Taiwan Relations Act, U.S. arms sales to Taiwan, the U.S.–China trade agreement and U.S. technology transfers to China. One important conclusion he derives from this exercise—a conclusion that many foreign governments do not adequately comprehend—is that U.S. policy toward China is not always guided by strategic considerations and that Congress and the bureaucracy have a critical impact on policy outcomes.

Africa

Gail M. Gerhart

THE CHALLENGES OF FAMINE RELIEF: EMERGENCY OPERATIONS IN THE SUDAN. By Francis M. Beng and Larry Minear. Washington: Brookings, 1992, 165 pp.

The United Nation's failure to ensure food deliveries in Somalia prior to American military intervention there in 1992 was a worrisome reminder that the international community lacks reliable and rapid mechanisms of response to famines. One reason this is so, suggests this expert study, is the limited learning carried over from past relief efforts. Focusing on international interventions in the Sudan during 1983-84 and 1989, the authors analyze the shortcomings and successes experienced in these operations and point to important lessons brought home to relief administrators: the need for more systematic U.N. planning and monitoring so that crisis situations are confronted earlier, the importance of combining humanitarian relief with an operational style that builds and reinforces local institutions and resourcefulness instead of undermining them, and the necessity of establishing clear authority for U.N. agencies to deal with armed combatants. Given a growing global consensus that principles of national sovereignty do not entitle governments to neglect or abuse their own citizens' right to survival, the authors believe that in the post-Cold War world, with greater determination to learn from past mistakes, a more effective international humanitarianism can emerge.

AFRICAN LAUGHTER: FOUR VISITS TO ZIMBABWE. By Doris Lessing. New York: HarperCollins, 1992, 442 pp. $25.00.

This finely crafted memoir by one of Africa's best-known writers recounts the author's observations during visits to her homeland in the 1980s, after a quarter-century of exile. Her engaging commentary spans the spectrum of social, political and environmental transformations in progress, and is interwoven with the evocation of times past: memories of a childhood spent in the outdoors, of the effects of the Zimbabwean bush war in the 1970s, and of the colonial mindset and its post-independence echoes. Yesterday's wisdom, she

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reminds us, is today's anachronism: "It might be useful to wonder which of the idealisms that make our hearts beat faster will seem wrong-headed to people a hundred years from now."

THE RISE OF A PARTY STATE IN KENYA: FROM "HARAMBEE" TO "NAYAYO!" By Jennifer A. Widner. Berkeley (CA): University of California Press, 1993, 302 pp. $45.00.

Compared to most newly independent African countries, Kenya in the 1960s and 1970s evolved relatively slowly toward full-blown autocracy, even though its identity as a de facto one-party state was established early on. Only in the 1980s were party, government and civil service essentially fused into a single hierarchical structure of power under the personal control of a president determined to thwart all real or imagined opposition. This engrossing study by Harvard political scientist Jennifer Widner presents a nuanced and generally plausible analysis of the gradual shrinking of the Kenyan political arena, highlighting the impact of shifting incentives on the behavior of political players. Some readers might wish the author had not so assiduously eschewed moral judgments, while others might wish more explanatory weight attributed to the contrasting personalities of Kenya's two post-independence presidents. The strength of this study lies in the impressive degree to which the author has been able to wring her suggestive analysis out of the meager data available on the opaque inner dynamics of Kenyan politics.

PROTECTING THE AFRICAN ENVIRONMENT: RECONCILING NORTH-SOUTH PERSPECTIVES. By Nomsa D. Daniels. New York: Council on Foreign Relations Press, 1992, 54 pp. $8.95.

This useful short study prepared in anticipation of the 1992 Earth Summit in Rio de Janeiro aims to sensitize Northern environmentalists to the perspectives and attitudes of Africans regarding green movement agendas. Environmental organizations in Africa are weak, isolated and overly dependent on funding and technology from outside, but with greater effort at mutual understanding, the author argues, a constructive North-South partnership could grow in which Africans need not believe that their rightful development priorities are being sacrificed on the altar of foreign concepts of the public interest.

AFTER APARTHEID: THE FUTURE OF SOUTH AFRICA. By Sebastian Mallaby. New York: Random House, 1992, 275 pp. $22.00.

For a book belonging to this genre—local color and pop anthropology by journalists sojourning in exotic places—this very lively take on South Africa by *Economist* correspondent Sebastian Mallaby is not bad. We meet and learn the wisdom and folly of businessmen and bureaucrats, witch doctors and experts on land tenure. Unfortunately, readers must also digest history by hearsay, an overdose of patronizing advice (Africans must outgrow their "culture of indiscipline" and learn to work hard and love capitalism) and even a touch of racism (will blacks in South Africa recapitulate the failures of black people elsewhere in the world?), despite the author's well-meaning efforts to be politically evenhanded.

U.S. ECONOMIC POLICY TOWARD AFRICA. By Jeffrey Herbst. New York: Council on Foreign Relations Press, 1992, 82 pp. $12.95.

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This concise and well-informed review of American aid policy recommends that future economic assistance be restricted to a smaller number of African countries and tied strictly to specific criteria of economic performance. Herbst, a Princeton political scientist, proposes that apart from abandoning regimes that commit the worst human rights abuses, the United States ought not make its economic aid conditional on political liberalization, since progress in that dimension is bound to be slow, erratic and difficult to measure. While developing a strong and pragmatic case that these recommendations are likely to benefit Africans, the book offers little guidance on how aid might be made more acceptable to Congress and American public opinion, given Africa's marginality to U.S. global interests.

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CORRESPONDENCE

Exaggerating Islam

To The Editor:

Daniel Pipes and Patrick Clawson in "Ambitious Iran, Troubled Neighbors" (America and The World 1992/93) replace the traditional Arab-Israeli centered view of the Middle East with what might be described as an Islamic-centric view. The traumas of the region and the threats to the West, they imply, are bound up with Islamic fundamentalism. But Islam is not the problem. Instability throughout the region, including Central Asia, does not stem from Islamic fundamentalists but from political and ethnic conflicts and economic decline.

As Islam is not the problem, neither is Islam the answer, as the people of Iran have begun to realize. The Iranian people had once determined that the late Ayatollah Khomeni could bring an Islamic solution to the problems that troubled them so deeply under the rule of the shah. Instead 14 years of clerical rule have impoverished them, as Pipes and Clawson point out, leaving the Iranian people poorer today than before the triumph of the clerics. Islamic rule in Iran has brought other devastating problems as well, including an exploding birth rate fueled by the institution of child marriages and the end of contraception programs. As a result, Iran's population is 60 million people, some 28 million more than at the end of the shah's rule. The clerics continue to maintain rigid social control by enforcing so-called Islamic codes of conduct. Corruption is universally believed to be more pervasive and more costly than under the monarchy. Iran also remains relatively isolated in the international community.

It is crucial to appreciate that economic prosperity is only one component of well-being. The Iranian people under the clerics felt triumphant for successfully challenging the United States and for having won, however costly, the eight-year war initiated by Iraq. The clerics have fostered a sense of political participation, as opposed to democracy, as well as of identification between the regime and its people, which has gratified many Iranians.

President Hashemi Rafsanjani, who stands for reelection in June 1993, is mobilizing popular support by playing on Iran's intense nationalism. Iran's challenges to its neighbors should be understood not as the threat of an expansionary Islamic state but as part of domestic Iranian politics. Moreover, the credibility of those threats needs to be gauged in terms of the weakness of the clerical state. Pipes and Clawson call attention to Iran's $10 billion 1989–93 arms acquisition budget. But $10 billion worth of expenditures over five years pales in comparison to the shah's arms-buy-

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ing spree. After all its arms purchases, Islamic Iran will still be less well equipped than neighboring Saudi Arabia and Turkey and possibly less well-armed than a still-hostile Iraq, despite the devastation of Operation Desert Storm.

Iran lives in one of the least stable neighborhoods of the globe. Pipes and Clawson make clear the region's dangers—from the Kurds and Iraq in the west, to Azerbaijan, Armenia and the Caucasus in the northwest, to Central Asia in the northeast, to disintegrating Afghanistan and nuclear-armed Pakistan and India in the east and, finally, to the instabilities of the Arab states of the Persian Gulf in the south. Any Iranian regime would be an arms buyer in that neighborhood, especially after being invaded by Iraq in 1980.

The United States must understand and deal with the resurgence of Persian nationalism and the possibility of a more aggressive Iranian foreign policy. But it need not magnify the Iranian threat nor create a new menace of some powerful Islamic enemy. The challenge for U.S. policymakers is to withstand the temptation to respond to the verbal assaults and policy betrayals of the past. The challenges Iran and Iraq pose to the United States or to their neighbors come from weak actors in a region of weak actors, but a region that is nonetheless of crucial significance because of its oil. Yet each of the states of the region needs the United States more than the United States needs any one of them. An American foreign policy based not on obsessions but on a realistic conception of U.S. interests is not difficult to formulate and should not be difficult to implement.

Marvin Zonis
Professor
International Political Economy
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A Pacific Strategy

To The Editor:

There is much to admire in Robert Oxnam's article, "Asia/Pacific Challenges" (America and The World 1992/93). Yet at this point in history what American policymakers need is not a "fresh mix of initiatives," but precisely the "grand strategies" that Oxnam decries. The keystone of those strategies should be a permanent American commitment to an emerging Pacific commonwealth of nations. This commitment should be determinedly regional in nature, with the objective of maintaining a Pacific balance of power.

While parts of the picture are disturbing, the general situation in East Asia, both political and economic, is far healthier and more heartening than almost anywhere else in the world, "united" Europe included. In military power, technology, trade, investment, education and as a political example the United States has played a major role in the growth of Asian-Pacific prosperity. But American policy, if one

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dare use that word, has been contrary, fragmented and often counterproductive. (Not the least of America's problems—particularly in dealing with Japan—has been constant intragovernment bickering between tough trade hawks in the Commerce Department and proalliance doves at State.)

The first priority is to change U.S. economic thinking. A primary task of President Clinton's new Economic Council should be to set up mechanisms to help finance high-technology and other new industries and to keep a sufficient share of these businesses under American ownership. American business needs some heavy encouragement to push its exports—in fact, all the stimulus that a supportive government can provide. Yet American exporters—operating under legal restraints better suited to Teddy Roosevelt's domestic trust-busting days—have shown little initiative in seeking new markets. Ignoring the newly formed free market of the Association of Southeast Asian Nations (ASEAN), the United States has virtually abandoned Southeast Asian trade and investment to Japanese companies' intensive economic colonization. In Vietnam American companies have wanted to get a foothold in a new market. But past administrations, obsessed with old Cold War exclusion policies, chose to ignore future economic potential in favor of stubborn political nonrecognition.

In tune with their rising affluence, Asian-Pacific populations have become good markets for American products. While supporting American business, Washington must do its best to keep Pacific trade and investment lanes open. This may mean some revisions in the Bush administration's ill-timed North American Free Trade Agreement—which Asians widely regard as a threat. To establish some trade ground rules on a multilateral level, Washington must strengthen its role in Pacific economic organizations like the Asia-Pacific Economic Cooperation Council and the semi-official Pacific Economic Cooperation Committee. And it should balance a tougher trade policy toward Japan with political cooperation, for example by supporting a Japanese bid for membership on the U.N. Security Council.

America's protective Cold War policy in East Asia has become a casualty of history. So has the old security treaty relationship, with a "powerful" United States protecting a "defenseless" Japan. Instead the United States should promote a regional security organization that includes Japan—as well as South Korea, ASEAN members, Russia and China. A Pacific multilateral security organization is not premature, as contrasted with Europe. There are enough shared objectives among the peaceful and prospering Pacific nations to warrant it. Trouble spots like Cambodia and Kim Il Sung's North Korea represent a common threat. Even with reduced forces, the United States must remain a keystone of any such alliance.

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Not the least of American virtues is to stand for democracy—not necessarily of an identical kind across the globe, but one where basic human rights are respected. America does not need to put human rights into the equation every time it enters trade negotiations with China. Events there are moving in America's direction; the angry words of Beijing's ideologues are prompted by fear rather than confidence. But Washington should keep up steady support for enlarging human rights among the Asian-Pacific countries. Far more than Japan, America has been the teacher of East Asia's modernization. (This is quite literally true. From Seoul to Jakarta policy is being set by Asians with American university educations.) In making a new commitment to Pacific partnership, the United States should not imitate the Japanese bureaucrats' unwise separation of economics and politics in government policy. Economics, politics and cultural interchange—they are all of a piece.

Frank Gibney
Author, THE PACIFIC CENTURY

Security Over Unity In Korea?
To The Editor:

"Can The Two Koreas Be One?" (Winter 1992/93) is an intriguing foreign policy subject but unfortunately the author never really gets down to a discussion of whether or how it can be accomplished, or on whose terms.

While comparison with Germany may have validity as a benchmark, in reality Korea's geopolitical situation has always differed fundamentally from Germany's. Korea is Germany's mirror image—a weak country surrounded by strong neighbors. In fact, Korea's very weakness and isolation has been the root cause of past peninsular instability. By contrast, German power—starting with the Franco-Prussian war and culminating in the two world wars—tore apart Europe's political fabric and plunged large portions of the globe into total war.

In addition, in the postwar period East Germany never aimed at hegemony over the Federal Republic but rather sought parity on as many levels as possible. North Korea, on the other hand, has never masked its own quest for peninsular supremacy—to be attained through conventional or unconventional warfare, assassination, terrorism and, most recently, nuclear one-upmanship.

Unlike Germany, whose division was deliberate and punitive, Korea's was unplanned following political stalemate in the Soviet-American Joint Commission and military stalemate in the 1950 Korean civil war. For the United States to remain aloof and "above the fray" in developing relations between the two Koreas is both perilous and unrealistic. Precisely because great power agreement is unnecessary, the United States is ideally positioned to provide inducements sufficient to challenge both Koreas to take specific and

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targeted arms-reduction and confidence-building measures consistent with their new agreement. In these changed circumstances, the real value of an American military presence can be reduced to a singular political objective—to speed the process of normalization, and ultimately unification, by helping to resolve intra-Korean differences at the negotiating table, not on the battlefield.

The United States could provide added incentive for Pyongyang to negotiate seriously with the South by publicly setting a terminal date for the withdrawal of American forces before the turn of the century, to be matched by a reduction of at least half the armed forces of the two Koreas—both of whom maintain military establishments greatly in excess of their intrinsic security needs. Further, by leaving the door open to a subsequent U.N. peacekeeping role, perhaps involving the United States, in patrolling the buffer zone in liaison with both North and South, Washington could prevent a dangerous security vacuum from developing.

Regrettably, the United States lacks an explicit policy on Korean unification beyond support for pursuing the North-South dialogue. The reason for this is quite simple. Korea continues to be viewed primarily in security terms, both peninsular and regional, rather than with the goal of unification in mind. Paradoxically, while pre-Korean War U.S. policy sought unification as a way of promoting American security interests on the peninsula, postwar policy has pursued security at the expense of unification.

John Barry Kotch
Purchase, New York

Building a Global Community

To The Editor:

Stephen John Stedman's "The New Interventionists" (America & The World 1992/93) offers useful counsel of caution when considering peacekeeping or peace-enforcement. But a larger vision is needed to forge an encompassing doctrine to guide American foreign policy as containment did for nearly fifty years. Containment had several virtues, not least of which was that Americans and foreigners at virtually every level of Free World societies thought they understood what it meant and could therefore respond helpfully in their own ways and according to their own possibilities. Containment was a way of thinking about the world and America's role in it; it worked because ideas do have consequences.

As an idea to replace containment, I suggest the concept of "community" or "cŏmmunity-building." It is an idea that resonates deeply in the American experience. It seems clear that Americans are currently disposed to refocus some of their energies and talents on the revitalization of their various communities—geographic, professional, social and particularly familial. Community and community-building would serve well as a way

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of thinking about foreign policy, with the added virtue that the idea is simultaneously relevant to domestic affairs.

The services of specialized U.N. agencies, which touch literally billions of lives daily, demand a more urgent look. As does the explosive growth of thousands of private organizations that are busily expanding their activity and influence—holding governments accountable, providing political rehearsal stages for those who live in pre-democracies, empowering individuals and groups and building communities of all kinds.

A community-building venture would simultaneously appeal to the deep idealism in the American soul (and America's urgent needs at home) and to legions of idealists in other lands. America would be helping itself even as it helped others.

Charles W. Bray
President
The Johnson Foundation
Racine, Wisconsin

Japan and the U.N.

To The Editor:

I am writing to point out that in the Editor's Note to Boutros Boutros-Ghali's article "Empowering the United Nations" (Winter 1992/93) you mentioned "the five member states with the largest arrears, in both regular budget and peacekeeping assessments as of October 1992, are the United States, Russia, South Africa, Japan and Ukraine." This is not accurate and may cause a misunderstanding about Japan's firm commitment to support the United Nations.

According to the U.N. financial regulations, a member state that has an unpaid balance of contributions for all previous years is in arrears. By this definition, Japan was not in arrears regarding the U.N. regular budget as well as peacekeeping budget as of October 1992, because it had no unpaid balance for the years 1991 and before. Moreover, Japan had no outstanding contributions to the U.N. regular budget of 1992 on that date.

Japan has always paid its assessed contributions in full each year. There may be, though, a technical delay of each year's payment arising inevitably from the lag of the beginning of the fiscal year; Japan can make its full payment available only after April 1, the date from which its new fiscal year begins. This being so, no arrears remain after the payments of each year's contribution is completed. Japan paid last year's assessment on June 1 for the United Nations' regular budget of 1992.

Takahiro Shinyo
Director of the U.N. Policy Division
Ministry of Foreign Affairs
of Japan

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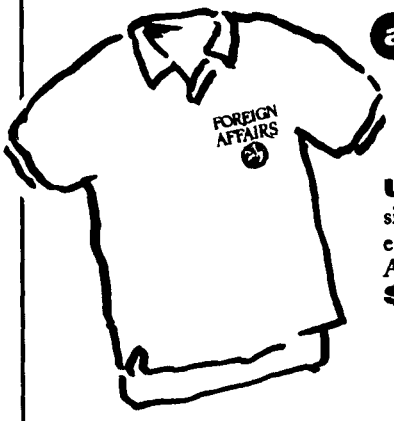

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